

# UNIVERSITY OF TASMANIA

## **Social Enterprise-Business Partnerships: Exploring the Influence of Institutional Logics upon Social Enterprise Partnership Experiences and Decision-making**

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## Abstract

Social enterprises are organisations that pursue a social mission through the application of market-based strategies, whereby revenue generated from business activities is reinvested back into the enterprise to support the achievement of key social objectives. As hybrid organisations, social enterprises are required to balance social benefit and commercial institutional logics. These logics provide social enterprises with systems of values, actions and beliefs that guide organisational action, problem-solving and decision-making, as well as the sense of identity of organisational actors. The combination of these potentially contrasting logics can lead to the development of internal tensions and conflict, and may also create difficulties for social enterprises when establishing legitimacy with external stakeholders. These challenges impact upon the access of social enterprises to needed resources and support, and can create resource scarcities that threaten the achievement of social and commercial sustainability. In order to meet the increasing demand for their services, partnerships with profit-oriented organisations (businesses) are being pursued as a strategy through which social enterprises may access resources needed to enhance their sustainability, and achieve their social benefit and commercial objectives.

To date, limited research has been undertaken into social enterprise-business partnerships. As a result of the emergent nature of the literature, the influence of social enterprise hybridity upon interactions with external stakeholders to build, implement and maintain their relationships is not well understood. Moreover, an understanding of the influence of business partner logic upon the enactment of the social benefit and commercial logics of social enterprise within their partnership decision-making has yet to be developed. This research explores the following question: *How does the combination of social benefit and commercial logics within social enterprise-business partnerships influence the manner in which social enterprises establish and manage their relationships in order to achieve the enterprise's social and commercial organisational objectives?*

The research framework developed in this study explores social enterprise experiences and decision-making across four components of partnership: the decision to form partnerships with for-profit businesses (partnership motivations), the assessment and selection of potential business partners (partner selection criteria), the interactions between partners

(partnership implementation), and the outcomes of partnership. A multiple case study design examining six Australian-based education and training social enterprises was adopted, in which documentary data and semi-structured interviews with key decision-makers were used to explore social enterprise partnership experiences and decision-making.

The research found that the influence of social enterprise institutional logics differed according to stage of partnership. Overall, the decision-making undertaken during the initial stages of partnership was shown to be commercially pragmatic, with the driver for partnership and selection of partners revolving around the commercial needs and capabilities of the enterprise. The findings illustrate that contrary to assumptions within the literature, the dynamics of the relationships studied were predominantly positive, characterised by reciprocated trust and strong interpersonal relationships. In addition, the commercial competencies of social enterprise were shown to enhance their exchange value, balance out power dynamics between partners, and contribute to the development of relationships that generated shared value. Whilst the commercial logic of for-profit business partners was shown to be a factor influencing decision-making and partnership adaptations, factors such as the level of enterprise maturity, partnership experience, enterprise model, and the nature of the relationship itself were also shown to influence how the social benefit and commercial logic of the social enterprises influenced the way in which relationships were formed and managed with for-profit business organisations.

This thesis concludes by discussing the contributions made by this research to social enterprise partnership theory, and provides suggestions on how these findings may be used to enhance the management of social enterprise-business partnerships. Suggestions regarding promising avenues for future research into the partnership strategies developed by social enterprises are also provided, with the aim of developing further insights into the social enterprise-business partnership phenomenon.

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## **Chapter 1 - Introduction**

The traditional roles of different organisations within our society are changing. A number of these changes stem from the perceived ineffectiveness of market and state efforts to address contemporary social, economic and environmental needs (Trivedi & Stokols 2011), resulting in a greater need for the development of innovative and sustainable solutions to social, environmental and economic problems (Barraket 2010). As a result of these changes, there has been a shift in patterns of philanthropic giving, with greater attention given to social investment, with an emphasis upon measures of social impact and social return on investment (Doherty et al. 2014; Kernot 2009; Lyon & Baldock 2014). Along with these changes, governments are moving away from being the primary provider of social services, and are developing collaborative frameworks that empower the business sector to become involved with the delivery of social programs (Gray et al. 2003; Whelan 2012).

These changes have led to the blurring of traditional boundaries between the private, public and community sectors (Battilana & Lee 2014). Within this context, new categories of organisation are emerging (Bromley & Meyer 2014) that combine identities, forms and logics of previously distinct organisational categories (Battilana & Lee 2014; Hoffman et al. 2012). One of the new categories to have emerged is social enterprise – organisations that utilise market based strategies to generate income and other resources (e.g. capital) that supports the achievement of social goals (Trivedi & Stokols 2011). Embodying logics of organisations from both the private and community sectors (Doherty et al. 2014), social enterprises are argued to represent a new stage in the ‘evolution of capitalism’ (Di Domenico et al. 2009, p. 894) in which market strategies are utilised to achieve societal value.

Social enterprises have captured the attention of practitioners, policy makers and academics alike (Mair & Martí 2006). Social enterprise literature has developed significantly in the last 20 years, with research emerging from a wide range of disciplines, including anthropology, economics, psychology, sociology and business (Short et al. 2009). As an emergent body of literature, research in this field is fragmented, and there are many

areas in which academic inquiry into social enterprise has fallen behind their changing organisational practices. Particularly lacking is research that explores how hybrid organisations such as social enterprise operate internally (Greenwood et al. 2010; Pache & Santos 2011), and how their hybridity influences their relationships with external stakeholders (Austin et al. 2006; Battilana & Lee 2014; Doherty et al. 2014). This research aims to explore the influence of social enterprise hybridity upon their partnership strategies. It adopts the theory of institutional logics as the lens through which to explore the impact of embeddedness in different institutional fields upon organisational decision-making, actions and practices.

This chapter introduces the key ideas and research design framing the research. The following discussion introduces the concept of social enterprise and the importance of partnerships for their ability to meet their various organisational goals. The role of institutional logics in understanding the social enterprise-business partnership phenomenon is analysed, after which the research opportunity, research questions and research design are presented. The chapter concludes by providing an outline of the dissertation structure.

## **1.1 Social enterprises as hybrid organisations**

Whilst a number of definitions exist, social enterprises are generally recognised as organisations that pursue a social mission through the application of market-based strategies (Alter 2007; Di Domenico et al. 2010; Mazzarol et al. 2013). In contrast to traditional approaches to business, the revenue generated through such activities is reinvested back into the enterprise to support the achievement of key social and environmental goals and to ensure overall organisational viability (Barraket et al. 2010; Chell 2007; Ridley-Duff 2008). They are commonly characterised as ‘profit for purpose’ organisations that represent an evolution in traditional capitalist approaches to business in which business tools and strategies are harnessed to achieve a social bottom line (Di Domenico et al. 2009; Kernot & McNeill 2011).

In order to be sustainable, social enterprises are required to incorporate and balance contradictory organisational structures, cultures, practices, processes, goals and objectives associated with traditional non-profit and for-profit organisational forms (Pache & Santos 2013b; Smith et al. 2013; Smith & Lewis 2011). The incorporation of these structures and



normative frames illustrate the hybrid nature of social enterprise, reflecting the social benefit logic and commercial logic embedded at their core. As will be discussed further in Chapter 2, institutional logics are the ‘socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organisations provide meaning to their daily activity, organise time and space, and reproduce their lives and experiences’ (Thornton et al. 2012, p. 2). They influence the issues considered to be important to an organisation, therefore determining the types of objectives and goals an organisation might have (Jay 2013). The social benefit logic of social enterprise reflects the values and mission characteristics of a non-profit organisation, whilst their commercial logic reflects traditional market values that place emphasis upon profit maximisation, operational efficiencies and competition (Battilana et al. 2012; Gidron & Hasenfeld 2012; Pache & Santos 2013b). As such, social enterprises operate under conditions of institutional complexity, a term developed by Greenwood et al. (2010) to describe conditions whereby organisational actors are influenced by the values and assumptions underpinning multiple institutional logics.

The combination of logics may be a source of innovation for social enterprises leading to the development of new practices (Reay & Hinings 2009), however, it is widely accepted that the combination of different logics presents challenges for social enterprises, leading to tensions and conflicts internally (Battilana & Lee 2014; Dacin et al. 2011; Diochon & Anderson 2011; Garrow & Hasenfeld 2012; Smith et al. 2013). The combination of contrasting logics situates them ‘betwix and between’ existing organisational categories (Galaskiewicz & Barringer 2012, p. 47), which can lead to diminished legitimacy and credibility with different stakeholder groups (Huybrechts & Nicholls 2013; Rees et al. 2012). Access to funding and resources can also be challenging for these enterprises, which has long term implications for the social (including environmental) and commercial sustainability of social enterprise, as well as enterprise growth (Burkitt 2010). These challenges, combined with a climate of reduced government funding (Burkitt 2010), are driving social enterprises to form collaborative relationships with a wide range of stakeholders, including profit-oriented business organisations (herein referred to as businesses). Partnerships with businesses provide social enterprises with access to resources and support that enables them to meet the increasing demand for their services (Austin & Seitanidi 2012a; Austin 2000; Berger et al. 2006; Sakarya et al. 2012). In addition, the formation of partnerships enhances their ability to address deeply entrenched

social issues, and empower the individuals and communities they support (Goldstein et al. 2008).

## **1.2 Social enterprise-business partnerships (SE-BUS partnerships)**

Partnerships are increasingly being seen as the mechanism through which issues relating to economic development, education, health care, poverty alleviation, community capacity building, and environmental sustainability may be addressed (Brinkerhoff & Brinkerhoff 2011; Googins & Rochlin 2000; Selsky & Parker 2005). Furthermore, partnerships are also acknowledged for their capacity to enhance skill training and provide access to employment (Billett & Seddon 2004; Googins & Rochlin 2000; Selsky & Parker 2010). In recognition of the importance and social benefit potential of partnership, collaborative frameworks have been developed around the world to support and encourage the creation of partnership between organisations across the government, community and private sectors (Considine 2008). Within these frameworks, the capacity for business organisations to create social and political change is being increasingly recognised, as is their desire and capability to form partnerships that not only fulfil corporate social responsibility (CSR) objectives, but also create positive social outcomes (Crane & Seitanidi 2014). Within this collaborative social paradigm, partnerships between social enterprises and for-profit businesses (SE-BUS partnerships) have flourished (Huybrechts & Nicholls 2013).

SE-BUS partnerships are complex arrangements that balance the values of wealth generation with the values of community benefit creation (Di Domenico et al. 2009, p. 895). They are differentiated from traditional business alliances as they strive to contribute at least partially to the pursuit of social and environmental goals (Selsky & Parker 2010), which is often determined by the focus of the enterprise. They also involve the joint development of a product or service that represents a unique business opportunity for both partners – a condition not usually found within philanthropic relationships (Huybrechts & Nicholls 2013). SE-BUS partnerships therefore have the capacity to create social, economic, and environmental value at both an organisational and a societal level.

The institutional logics of both social enterprise and their business partners influence how partnerships are formed and implemented, and the outcomes that they generate (Di

Domenico et al. 2009; Phillips et al. 2000; Thornton & Ocasio 1999). Institutional logics provide a framework of overarching principles and rules that determine the way in which organisations understand their realities, determine appropriate behaviour, and interpret conditions of success (Friedland & Alford 1991; Thornton & Ocasio 1999). In a partnership context therefore, partnership decision-making, problem solving, and inter-organisational interactions will draw from the practices and behaviour considered to be legitimate within the institutional domains to which partners belong (Phillips et al. 2000). The combination of similar and divergent logics within SE-BUS partnerships therefore means that social enterprises and their business partnerships will have different perspectives when viewing their partnerships, and will also take different and possibly contradictory approaches to their formation and management (Di Domenico et al. 2009). For social enterprises, partnership decision-making is complicated by the fact that they must incorporate and balance logics from traditionally competing institutional frameworks, whilst also accounting for the logic and objectives of their for-profit business partners. In conditions where social enterprises are reliant upon resources controlled by their business partner, power dynamics may develop within relationships whereby social enterprises become vulnerable to the influence of their business partners (Huybrechts & Nicholls 2013; Wry et al. 2013), which may result in the institutional isomorphism of the social enterprise whereby for-profit commercial objectives are given priority over social benefit objectives (see DiMaggio & Powell 1983).

As a consequence of the nascent state of social enterprise partnership literature, a comprehensive explanation of how social enterprises build, implement and maintain their relationships with businesses has yet to be developed (Brady & Haugh 2007; Huybrechts & Nicholls 2013; Lyon 2011). Few studies have explored dyadic partnership between social enterprise and for-profit businesses. Research undertaken in this space has examined the partnership objectives, inputs and outcomes of social alliances between social enterprise and business within Turkey (Sakarya et al. 2012), as well as the formation processes and governance mechanisms of SE-BUS partnerships within a German context (Schirmer 2013). In addition, the role of legitimacy within SE-BUS partnerships has been explored (Huybrechts & Nicholls 2013), as has the impact of conflicting logics and power asymmetries upon relationship endurance (Di Domenico et al. 2009; Nicholls & Huybrechts 2014).

Outside of the focus on dyadic relationships with businesses specifically, a number of studies have explored partnerships between social enterprise and a wider range of organisations, including those from the private, public and community sectors. This research has focused upon the motives, implications and negative outcomes of partnership (Di Domenico & Haugh 2007) as well as the factors inhibiting the formation of partnership (Maase & Bossink 2010). In a network context, the success factors and benefits from inclusion within fair trade networks has been explored (Davies 2009), as has the impact of networks and partnership diversity upon social enterprise success (Meyskens & Carsrud 2013; Meyskens et al. 2010a).

As this above research illustrates, research into dyadic SE-BUS partnerships, as well as SE partnerships more generally, is in its nascency. Consequently, there is much to learn about the dynamics of SE-BUS partnerships, including their formation, management, relationship dynamics, and outcomes. In addition, the influence of the institutional complexity that exists within SE-BUS partnerships on social enterprise partnership experiences and decision-making is not well understood.

Recognising the significance of this knowledge gap, this research seeks to address calls within the literature for research that explores the relationship between the management of multiple institutional logics by social enterprise and their partnership decision-making and responses (Battilana & Lee 2014; Doherty et al. 2014; Sakarya et al. 2012). This knowledge is important for a number of reasons. Research into how social enterprises develop and maintain relationships with businesses will advance theoretical understanding of how social enterprises utilise partnerships to achieve their social and commercial organisational objectives (Doherty et al. 2014). Secondly, this knowledge will contribute to the development of theory into how social enterprise hybridity influences organisational practices and partnership management. Research in this field will also provide practical insights for social enterprises wishing to establish partnerships with for-profit businesses, including the factors that may influence both partnership dynamics and decision-making. Furthermore, understanding how social enterprises respond to conflicting or contrary rules and belief systems will further expand the understanding of social enterprises as hybrid organisations, which may help to inform policy development in this space (Greenwood et al. 2011).

A dominant approach within existing SE-BUS partnership literature more widely has been to examine SE-BUS partnerships from a functionalist perspective. Extant literature has explored how partnerships provide access to required resources (Di Domenico & Haugh 2007; Meyskens & Carsrud 2013; Meyskens et al. 2010a; Meyskens et al. 2010b; Sakarya et al. 2012), and generate outcomes that support the achievement of organisational objectives (Davies 2009). Moving away from functionalist approaches to partnership, a number of studies have explored the processes undertaken within SE-BUS partnerships, and the dynamics that arise (Di Domenico et al. 2009; Huybrechts & Nicholls 2013; Schirmer 2013). However, whilst SE-BUS partnerships have been recognised as unique arrangements that involve partners embedded within different societal sectors (Di Domenico et al. 2009; Nicholls & Huybrechts 2014), few studies have explored *how* the embeddedness within different institutional frameworks influence the partnership processes and decision-making of partners. As cross-sector partnerships are shaped by the rules and resources determined by the institutional fields from which partner organisations originate (Phillips et al. 2000), the ability to be able to understand the processes and dynamics involved with partnership phenomena requires research to understand the influence of macro level institutional factors upon actions and decision-making undertaken at the micro, or individual, level. In other words, research into cross-sector collaborations needs to be undertaken within the context of the institutional fields in which organisations arise (Phillips et al. 2000).

### **1.3 Research problem and contributions**

In order to address this research opportunity, this research utilises the theory of institutional logics as the lens through which to explore social enterprise decision-making within their partnerships with for-profit business organisations. Social enterprises are inherently complex organisations; their decision-making takes into account not only their varied and often contrasting organisational objectives, but also their relationships with and accountabilities to a wide number of stakeholders from within the government, community and private sectors. The theory of institutional logics provides a framework for the analysis of social enterprise complexity, focusing upon the connection between the institutional environment and the actions and decision-making undertaken at both an organisational and individual level (Huybrechts & Nicholls 2013; Thornton et al. 2012). The focus of this theory is upon the ways in which institutional logics influence individual decision-making,

and the organisational structures and processes that develop as a result (Thornton et al. 2012). The theory of institutional logics is therefore well suited to the exploration of social enterprise partnership decision-making within their partnerships with for-profit businesses, as it facilitates the examination of the ways in which embeddedness within multiple institutional fields influences the formation and management of their relationships. Furthermore, the theory provides scope to analyse the role of legitimacy, power and societal influences upon the dynamics that develop between social enterprises and their profit-oriented business partners (Thornton et al. 2012). In light of the limited research into the influence of social enterprise institutional complexity upon their partnership decision-making, this research aims to explore the following question:

*How does the combination of social benefit and commercial logics within social enterprise-business partnerships influence the manner in which social enterprises establish and manage their relationships in order to achieve the enterprise's social and commercial organisational objectives?*

In order to answer this question, four research sub-questions have been developed with the aim to explore decision-making across a number of different partnership stages (see Section 3.6). These questions also seek to explore how, if at all, business partner logics may influence social enterprise partnership strategies.

The purpose of research sub-question one is to explore the internal factors that motivate social enterprises to seek and form partnerships with business organisations:

*How are the multiple logics of social enterprises evident within their motivations to form partnerships with business organisations?*

Research sub-question two seeks to establish how the social benefit and commercial logics of social enterprises influence decisions and actions undertaken during the formation stage of partnership, and to determine if business partner logic impacts upon these actions and processes:

*How are the multiple logics of social enterprises evident within their evaluation and selection of business partners?*

The purpose of research sub-question 3 is to explore how the social benefit and commercial logics of social enterprises are evident within social enterprise decision-making during the implementation stage of their relationships, and to determine if business partner logic impacts upon these actions and processes:

*How does the combination of social enterprise and business partner institutional logics affect partnership implementation processes such as the sharing of resources between partners, and the partnership dynamics that emerge?*

Finally, research sub-question four seeks to examine the way in which outcomes generated by SE-BUS partnerships are perceived by social enterprises to contribute to the achievement of their social and commercial objectives:

*How does partnering with business organisations enable social enterprises to achieve objectives associated with their social benefit and commercial logics?*

The research design utilised to address these questions is outlined below.

## **1.4 Research design and method**

As discussed in greater detail in Chapter 4 (Section 4.3.1), a qualitative case study design was employed to explore the partnership experiences and decision-making of social enterprises in their partnerships with business organisations. Six social enterprises operating within the Australian education and training industry participated in the research. Data were collected through interviews with key decision-makers, complemented through the collection of documentary data. The analysis and comparison of case data uncovered a number of themes, which form the basis for the discussion provided in Chapter 6.

## **1.5 Thesis structure**

This thesis consists of six chapters. Chapter 2 provides context to the research by describing the unique characteristics of social enterprise, and illustrates the complexity involved in conceptualising social enterprise. Highlighting the institutional complexity

inherent within social enterprise, this chapter introduces the theory of institutional logics, and provides an analysis of the different institutional logics that inform the actions and decision-making of social enterprises.

Chapter 3 provides a review of social enterprise partnership literature. It evaluates existing literature on cross-sector partnerships between social enterprise and business to identify linkages between partnership actions and decision-making and social enterprise institutional logics. Research opportunities are identified, and an initial theoretical framework is developed that outlines the focus of the research, and the questions developed to guide data collection and analysis.

Chapter 4 provides an outline of the research philosophy guiding data collection and analysis within this research. Following this, a detailed justification and explanation of the research design and methods of data collection and analysis is provided. A description of each of the cases studied is presented, which provide the context to the analysis of the case study data in Chapter 5. Data collected within the case studies is presented in Chapter 5, organised around the sub-questions guiding this research (as outlined within the research framework). Chapter 6 provides an analysis of social enterprise partnership actions and decision-making in relation to their multiple institutional logics, discussing key themes in relation to extant literature on SE-BUS partnerships. This chapter concludes the thesis by discussing implications for partnership theory and practice, also providing recommendations for further research.

## **1.6 Conclusion**

This chapter has detailed the focus and structure for the research reported in this dissertation. It has briefly introduced the complex phenomena of SE-BUS partnership, outlining their importance in efforts to address many of the social problems facing society today, and their importance for the commercial and social sustainability of social enterprise. Next, an overview of the research opportunity was discussed, including the research questions and research framework. Following this, the research design and contributions were outlined, as was the structure of the thesis. The next chapter provides a comprehensive explanation of social enterprises and the social benefit and commercial logics that inform their objectives and activities, information that provides the context for the development of the theoretical framework and research rationale in chapter 3.



## **Chapter 2 - Conceptualising social enterprise**

### **2.1 Introduction**

The purpose of this chapter is to review the literature on social enterprise. It reviews the various approaches to defining and understanding social enterprises to develop an understanding of their organisational missions and objectives, and importantly, situates them in the domain of hybrid organisations that incorporate and manage multiple and often contrasting institutional logics at their core.

Conceptualising social enterprises as hybrid organisational forms is a relatively recent development within social enterprise literature. Understanding the contested nature of social enterprises requires an appreciation of the factors supporting their growth and development, as well as the different approaches taken to their conceptualisation. With this in mind, this chapter will firstly discuss the factors supporting the growth in the interest and practice of social enterprise. Section 2.3 will introduce the different schools of thought adopted within the literature used to understand the characteristics of social enterprise. This outline leads into an analysis of social enterprise hybridity (Section 2.4), which places social enterprises within their institutional context, and reviews how different institutional logics guide social enterprise actions and decision-making. The chapter will conclude by examining the impact of institutional complexity upon the resource acquisition strategies of social enterprise. This analysis provides the context for Chapter 3 which explores social enterprises' use of partnerships.

### **2.2 The gaining prominence of social enterprise**

The last decade has seen a rapid increase in the numbers of social enterprise across the globe (Austin et al. 2006). In Australia, there are an estimated 20,000 social enterprises, with these organisations operating across all sectors and industries (Barraket et al. 2010). Industry-based research indicates that the number of social enterprises within Australia has grown by thirty-seven per cent in the last seven years (Opportunity International Australia 2012). In the United Kingdom (UK), it is estimated that there are approximately 70,000 social enterprises, with these organisations experiencing growth at three times the rate of

mainstream small and medium sized enterprises (SMEs), whilst contributing over GBP 24 million per year to the economy (Villeneuve-Smith & Chung 2013).

The growth in social enterprises has been supported by governments, which have recognised the potential of social enterprises to contribute to the regeneration of local communities, inspire community engagement, and improve the delivery of public services (Seanor & Meaton 2008). The instability of current welfare systems at both an economic and policy level has led policy makers to rethink their approach to the provision of welfare support, as well as the delivery of social services (Paulsen & McDonald 2011). This has generated a growth in rhetoric regarding ‘joined-up’ governance approaches, which seek greater levels of collaboration between sectors as the means through which to support and empower communities to meet their own needs (Thompson 2011). Within these frameworks, social enterprises promote a stronger civil society by acting as a bridge between the community sector and the market (Di Domenico et al. 2009).

A number of different initiatives have been implemented by various national governments with the aim of supporting the social (including environmental) and commercial sustainability and growth of social enterprise. For example, in the UK, ‘Big Society’ policy initiatives supported the redistribution of power to communities, and a greater role for organisations such as social enterprise to become important providers of social services (Thompson 2011). Support for social enterprises is evident within recent government initiatives such as the Social Investment Tax Relief and the Social Incubator Fund (Cabinet Office 2014) that are aimed at supporting social enterprise start-ups and social investment in the UK.

In the United States of America (US), government initiatives such as the Social Innovation Fund have, in combination with a number of leading philanthropic funders such as the Skoll Foundation, Ashoka, and the Roberts Enterprise Development Foundation (REDF), provided a number of avenues through which social enterprises may access funding to support their activities and programs (Ashoka 2015; REDF 2015; Skoll Foundation 2015). In Australia, the federal government has recently developed the Social Enterprise Development and Investment Funds program (SEDIF) with AUD \$20 million available to help social enterprises develop and grow their operations, and by doing so, enhance their positive social impact (Department of Employment 2013).

### ***2.2.1 Public, private and community sector failures***

A number of sectoral failures have been attributed to the increasing prominence of social enterprises. Initiatives developed within the *public sector* have been criticised for being ineffective in their attempts to provide for and meet societal and public needs (Cho 2006; Haugh & Kitson 2007). These inefficiencies, coupled with reductions in the level of funding available for the delivery of social services (Santos 2012; Trivedi & Stokols 2011; Weerawardena & Mort 2006), has led to a wide range of social issues being unaddressed – supporting the growth of organisations such as social enterprise which are dedicated to providing such services (Haugh & Kitson 2007; Organisation for Economic Co-operation and Development 2009; Smallbone et al. 2001; United Nations Development Programme & EMES European Research Network 2008). The growing reductions in government funding, coupled with transitions from grant allocation to competitive tendering, has had ramifications for community sector organisations that are increasingly required to compete with profit-oriented organisations in the delivery of social programs and services (Beekman et al. 2012; Dart 2004b; Eikenberry & Kluver 2004; Goerke 2003; Pearce 2003). As a result, many community-based agencies and service providers are beginning to look towards social enterprise as a way to access the financial resources required to maintain their services (Paulsen & McDonald 2011).

The emergence of social enterprise has also been attributed to the unwillingness and/or lack of interest of the *private sector* in addressing societal needs and to distribute resources equitably (Organisation for Economic Co-operation and Development 2009; Smallbone et al. 2001; Teasdale 2012b; United Nations Development Programme & EMES European Research Network 2008). The market has been criticised for ignoring human needs, failing to generate adequate amounts of goods and services with a social or environmental impact, and facilitating social inequalities (Haugh & Kitson 2007; Trivedi & Stokols 2011). As such, the growth in social enterprise numbers has been linked to the recognition that, without intervention, markets are unlikely to develop innovative solutions to complex societal issues (Leadbeater 2007).

In addition to government and market failures, *community sector failures* have also been linked to the growth in the number of social enterprises. Traditional third sector models of service delivery have met with limited success in relation to sustainability, with many

remaining dependent upon government funding and/or fundraising and donations. Furthermore, the requirement to be accountable to government funders and the restrictions placed upon the allocation of grant money has contributed to the ineffectiveness of traditional welfare solutions (Giguere & Considine 2008). Spurred on by these inherent limitations of traditional modes of third sector social service delivery, many existing non-profit organisations are adopting social enterprise operational models as a means through which to achieve greater self-sustainability (Dees 1998), as well as to attain greater independence and control of the planning and delivery of social services, unfettered by dependence on government grants (Giguere & Considine 2008).

In conclusion, the emergence of social enterprises is being driven by a variety of different factors, including popularisation within policy discourse, as well as the belief in their ability to overcome gaps created by the inadequacies of other sectors. The following discussion will explore their growing prominence within academic discourse, outlining some of the common approaches to social enterprise conceptualisation.

## **2.3 Conceptual approaches to social enterprise**

As the numbers of social enterprises have grown, so too has the interest of academics into their forms, operations and activities (Battilana & Lee 2014). Since the mid-2000s, academic inquiry into social enterprise has drastically increased (see Desa 2007; Granados et al. 2011). This has led to a growth in the number of academic papers and books published on social enterprise (Granados et al. 2011; Hill et al. 2010; Thompson 2008), particularly in relation to mapping their scale, scope and activities (Barraket & Collyer 2010; Bielefeld 2009; Defourny & Nyssens 2006; Jones & Keogh 2006; Levander 2010; Lyon & Sepulveda 2009; Peattie & Morley 2008; Seanor & Meaton 2007). In addition to this, a large amount of attention has been given to understanding how conceptualisations of social enterprise vary across socio-political contexts (Defourny & Nyssens 2008; Defourny & Nyssens 2010a; Defourny & Nyssens 2010b; Kerlin 2006, 2012; Mendell 2010; Nyssens & Defourny 2010).

Research and analysis of social enterprise has traditionally been situated within the third sector literature (Dart 2004b; Nyssens & Defourny 2010). Within this literature, the focus has been upon social enterprise as a ‘radical innovation in the non-profit sector’ (Dart

2004b, p. 411), arising from limitations in government funding and reductions in philanthropic giving (Dees 1998; Foster & Bradach 2005; Paulsen & McDonald 2011). The combination of social and market orientation within non-profit organisations has been explored (Foster & Bradach 2005; Goerke 2003; Liao et al. 2001), as has the incorporation of business-like characteristics to enhance organisational sustainability (Dart 2004a; Weerawardena et al. 2010).

Social enterprise research is also emerging in other disciplines. In the last 15 years, social enterprise research within fields of management and entrepreneurship has particularly flourished (Hill et al. 2010), concerned with the difference between social enterprise and social entrepreneurship (Austin et al. 2006; Chell 2007; Granados et al. 2011; Thompson 2008), management of their hybridity (Battilana & Dorado 2010; Battilana & Lee 2014; Cornforth 2014; Dees & Anderson 2003; Diochon & Anderson 2011; Doherty et al. 2014; Gonin et al. 2013; Pache & Santos 2013b), financing (Burkitt 2010; Fei 2011; Sunley & Pinch 2012) and governance (Darby & Jenkins 2006; Low 2006; Mason et al. 2007; Spear 2006). Within the public policy sphere, research has focused upon the ‘social’ component of social enterprises and their contribution to social inclusion (Berkes & Davidson-Hunt 2007; Cornelius et al. 2008; Eversole 2013; Gray et al. 2003; Levander 2010; Manfredi 2005; Thompson 2011; Turner & Martin 2005; Vidal 2005). Also of interest has been how social enterprise is framed within public policy (Mawson 2010; Ridley-Duff 2007), and the role of social enterprise within regional development (Berkes & Davidson-Hunt 2007; Eversole 2013).

A unified theory of social enterprise does not currently exist. A number of theoretical frameworks have been applied to the exploration of social enterprise, including institutional theory (Battilana & Dorado 2010; Battilana & Lee 2014; Battilana et al. 2012; Besharov & Smith 2012; Dart 2004b); social exchange theory (Di Domenico et al. 2010); resource based view (Desa & Basu 2013; Seelos 2014); resource dependence theory (Di Domenico & Haugh 2007); network theory (Brady & Haugh 2007; Peredo & Chrisman 2006); and complexity science (Goldstein et al. 2010). Knowledge and research in this field is fragmented however, punctuated by a lack of consensus regarding the definition of social enterprise (Bull 2008; Chell 2007). Definitional ambiguity is further enhanced by the heterogeneous nature of these organisations, which may vary according to their operational model (see Alter 2007; Social Traders 2014), size, beneficiaries supported,

degree of profit orientation, type of market trading activity and geographic scope (Mazzarol et al. 2013; Pearce 2003; Peattie & Morley 2008). The difficulty in defining social enterprise stems from confusion regarding where the conceptual boundaries lie. For some, social enterprises emerge at the overlap between the boundaries of the public, private and community sectors, with wide variances existing as to the different practices they undertake (Seanor & Meaton 2007). For others, social enterprises represent the evolution of the non-profit form, and emerge and operate within the boundaries of the community sector (Dart 2004b; Pearce 2003). Other approaches conceptualise social enterprises as existing within a spectrum of organisations that blend, to different degrees, characteristics of purely philanthropic and purely commercial organisations (Alter 2007; Dees 1998).

Conceptualisations are also influenced by the socio-economic context from within which definitions originate (Kerlin 2012; Lyon & Sepulveda 2009). A number of authors have explored the differences in language and meaning globally that are ascribed to define social enterprise, with a particular comparison between definitions from the US and Europe (Defourny & Nyssens 2008; Defourny & Nyssens 2010a; Defourny & Nyssens 2012; Kerlin 2006). Despite these differences however, a number of consistent approaches are evident within efforts to conceptualise social enterprise. These different approaches or schools of thought will be discussed further below.

### ***2.3.1 Schools of thought within social enterprise discourse***

A number of differences are evident within approach and language applied when conceptualising social enterprise (Bacq & Janssen 2011), many of which are a result of the different historical and political contexts from which conceptualisations derive (Alter 2007). As suggested by Dees and Anderson (2006), these conceptual differences reflect different ‘schools of thought’ within the literature – referred to as the *earned income school* (originally termed the Social Enterprise School), the *social innovation school*, and the *European Research Network (EMES) approach*. The grouping of conceptual approaches into different schools is useful when seeking to understand how different perspectives emphasise different elements of social enterprise, and how socio-economic conditions may influence social enterprise discourse (for example see Defourny & Nyssens 2010a; Kerlin 2006).

### ***2.3.2 Earned income school***

Within this school, conceptualisations of social enterprise focus upon the use of earned income strategies to support the achievement of a social mission (Dees & Anderson 2006; Defourny & Nyssens 2010a). According to Teasdale (2012b), the theoretical underpinning of this school is that of resource dependence, whereby the achievement of the social goals of the enterprise is based upon their ability to generate resources through market trading activity. A number of variances may be seen in the approaches taken to social enterprise conceptualisation within this school, and are outlined below.

#### **2.3.2.1 The commercial non-profit approach**

The first variance is termed the *commercial non-profit approach*. This approach is dominant within much of the literature on social enterprise deriving from the US, reflecting the historical reliance within the US upon non-profits for the provision of social services (Kerlin 2006; Nyssens 2006; Nyssens & Defourny 2010). Within this approach, social enterprises are defined as:

*‘non-profit organizations that seek to achieve social goals through commercial activity’* (Mozier & Tracey 2010, p. 252).

The focus of this approach is upon non-profits that develop earned income strategies in order to provide a source of revenue that supports the achievement of social goals. Trading activity is seen to be the means of revenue generation which is used to recover program costs and to subsidise the delivery of social initiatives, with the nature of the goods/services traded and their association with the social goals of the enterprise considered to be unimportant (Defourny & Nyssens 2010a).

#### **2.3.2.2 Social business approach**

More recently, definitions of social enterprise have evolved to incorporate a wider range of organisational types. This is seen within the social business approach, or the *mission driven business approach* as it is termed by Defourny and Nyssens (2010a). Unlike the

commercial non-profit approach which associates social enterprise with non-profit organisations, the social business approach conceptualises social enterprises as social purpose ventures, incorporating *both* profit-oriented businesses and non-profit organisational forms that trade primarily for social purposes (Defourny & Nyssens 2013). For example, the Social Enterprise Alliance website (2014) defines social enterprise as:

*‘businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas’.*

As with the commercial non-profit approach, conceptualisation of social enterprise within the social business approach emphasises the employment of commercial trading as a means through which to achieve the social mission of the enterprise. However, this approach requires that the social mission and commercial activities are closely embedded, whereby undertaking commercial activities simultaneously supports the achievement of the social mission. Expectations are placed upon the amount of income to be generated through commercial activity, which is enough to cover their own costs, or in other words, be fully market-funded (Alter 2007; Nicholls 2007; Nyssens & Defourny 2010). Within this perspective, profits are reinvested back into the enterprise. However, unlike the commercial non-profit approach, this perspective does enable owners to access limited distribution of profits, thereby regaining their investments.

### **2.3.3 Social innovation school**

The social innovation school conceptualises social enterprise through the lens of social entrepreneurship. Within this approach, social enterprises are viewed as the socially innovative organisational forms created and used by social entrepreneurs when undertaking ‘innovative activities and services motivated by the goal of meeting a social need’ (Mulgan 2006, p. 146). Unlike the earned income school, which focuses upon the use of revenue generation activities by social enterprise, the social innovation school emphasises the social processes, outcomes and impacts achieved by social entrepreneurs and their social enterprises or ventures, focusing upon the wider societal change generated and innovations in relation to service quality or methods of production (Defourny & Nyssens 2013). Within this approach, social enterprises are considered innovative as they



utilise economic activities to address social needs and undertake transformational impact (Lisetchi & Brancu 2014). In addition, recent research illustrates the innovative nature of social enterprises, which utilise ‘an innovative combination of organisational, forms and operations, expand beyond organisational, sectoral and disciplinary boundaries, and seek engagement in relationships that support the achievement of both social and commercial objectives’ (Barraket & Furneaux 2015, p. 234).

The above themes are captured in the definition provided below:

*‘Social enterprise is an organizational form with primarily social drivers that undertakes innovative business operations in order to be auto-sustainable and guarantees the creation, sustainment, distribution and/or dissemination of social or environmental value. Therefore, economic drivers are means to a social end, not the end in itself’* (Granados et al. 2011, p. 199).

This approach to conceptualising social enterprise is driven by prominent social sector organisations such as Ashoka, and the Schwab and Skoll foundations, which have embraced the role of social innovation within social entrepreneurship and social enterprise.

#### **2.3.4 European Research Network (EMES) approach**

The EMES perspective on social enterprise is drawn from research undertaken by the EMES European Research Network into the characteristics of social enterprise across each of the different European Union (EU) countries. Founded in 1996 with funding from the EU, the research network brought together a number of established university research centres and individual researchers with the aim of exploring the emergence of social enterprise in Europe (EMES European Research Network 2015). The outcome of this research was the development of a number of prescriptive ‘ideal type’ characteristics that may embody social enterprise (Defourny & Nyssens 2010a), which reflect the major economic, social and political developments in Europe (Pestoff 2013). Within this approach, social enterprises are described according to nine indicators in three subsets of key characteristics (Defourny & Nyssens 2012). The first subset of characteristics relates to the *economic and entrepreneurial activities* of social enterprise, involving a) the continuous activity of producing and selling goods and/or services, b) a significant level of

economic risk, and c) a minimum amount of paid work. The second subset relates to the *social dimensions* of social enterprise, involving d) an explicit aim to benefit the community, e) an initiative launched by a group of citizens or civil society organisations, and f) limited profit distribution. The last subset relates to *characteristics of participatory governance* such as g) a high degree of autonomy, h) a decision-making power not based upon capital ownership, and i) a participatory nature that involves various parties affected by the activity (Defourny & Nyssens 2012).

This approach shares some similarities with the earned income school and social business approaches. As with these approaches, the importance of the pursuit of social goals is identified as important. In addition, emphasis upon the limited distribution of profits is evident within the EMES approach. However, unlike the previous schools of thought that place importance upon the embeddedness of social aims within commercial or innovative strategy, the EMES framework shifts the focus onto specific governance models common to European social enterprises (Nyssens & Defourny 2010). Conceptualisations of social enterprise are built more upon voluntary action, self-help and cooperative principles (Kerlin 2006), and contain no assumptions regarding the nature of social enterprises as businesses, and their adoption of business strategy (Ridley-Duff & Bull 2011). Instead, research undertaken by EMES supports a theory of social enterprises characterised by ‘multiple-goals, multiple-stakeholders and multiple-resources’ (Defourny & Nyssens 2010a, p. 43) – often referred to as existing within the ‘social economy’.

### ***2.3.5 Finding Australia’s Social Enterprise Sector (FASES) conceptualisation***

Within Australia, conceptualisations of social enterprise are still developing. In 2010, a joint initiative between Social Traders and the Australian Centre for Philanthropy and Non-profit Studies (ACPNS) at Queensland University of Technology (QUT) led to the development of a research project that sought to identify the range and scope of social enterprises within Australia (see Barraket et al. 2010). Entitled ‘Finding Australia’s Social Enterprise Sector’ (FASES), the project is considered to be a pioneer in the mapping of social enterprises within Australia (Nyssens & Defourny 2010).

Utilising a bottom-up methodological approach that involved consultation with a wide number of key stakeholders within the field, the FASES project defined social enterprises as organisations that:

- a) are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit
  - b) trade to fulfil their mission
  - c) derive a substantial portion of their income from trade, and
  - d) reinvest the majority of their profit/surplus in the fulfilment of their mission
- (Barraket et al. 2010, p. 4).

As with the other schools of thought, the creation of ‘social’ value (termed public or community benefit in the above definition) is a central theme in this definition of social enterprise. Providing greater detail than the previous approaches, the FASES approach deconstructs the notion of a social mission to include activities of an economic, social, cultural and environmental nature that seek to generate public and community benefit. Consistent with the social business, social innovation and EMES approach, the FASES definition clearly identifies the importance and embeddedness of trading activities in relation to the achievement of the social mission of these enterprises. In contrast with the social innovation school, the association of these goods and services with innovative practice is not made within the FASES conceptualisation. It does however provide a level of depth to the conceptualisation of trade not found in other approaches, describing it as involving the:

*‘organised exchange of goods and services, including monetary, non-monetary and alternative currency transactions, contractual sales to governments, where there has been an open tender process; and trade within member-based organisations, where membership is open and voluntary or where membership services a traditionally marginalised social group’ (Barraket et al. 2010, p. 16).*

The third component of the FASES approach stipulates the level of income generation required for an organisation to be classified as a social enterprise. Unlike the commercial non-profit, social innovation school and EMES approach which perceive social enterprises in large part to be multi-resource organisations, the emphasis of the FASES conceptualisation is similar to that within the social business approach – which describes social enterprises as fully self-funded. The FASES approach is differentiated by the consideration given to the maturity of social enterprise and their development of

commercial capabilities. For example, to be characterised as a social enterprise under the FASES approach, ventures that are less than two years from the start-up phase need to demonstrate the intention to trade; ventures that are three to five years from start-up must generate twenty-five per cent or more of their income from trade, and those ventures that are more than five years from start-up must generate fifty per cent or more of their income from trading activity (Barraket et al. 2010). This approach therefore accounts for emerging social enterprises that are working towards becoming commercially sustainable, as opposed to only defining social enterprises that have achieved this state.

The last component of the FASES definition requires that all profits are to be re-invested back into the enterprise. This approach reflects the internal redistribution requirement that is also inherent within the commercial non-profit, Social Business and EMES approaches that require that the majority of profits be reinvested back into the enterprise to support the achievement of its social mission.

The FASES definition of social enterprise has been adopted within this research. In comparison to the other approaches discussed above, the FASES definition provides the greatest clarity and depth in relation to the social and commercial objectives and activities of social enterprise. In addition, use of this definition supports the recommendations by Greenwood et al. (2010) regarding the need for research to account for an organisation's institutional context when seeking to understand how and why they may act in a particular way. The FASES definition was developed in conjunction with input from social enterprises and their key stakeholders, and as such, reflects how Australian social enterprises and their key stakeholders conceptualise and make sense of the organisations that they operate. Given the focus of this research is upon Australian social enterprises (see Section 4.3.2), use of the FASES definition to conceptualise social enterprise is appropriate as it reflects the institutional context in which the enterprises studied within this research operate.

The FASES approach to social enterprise conceptualisation reflects normative definitions that exist in the literature which describe social enterprises as organisations that trade for a social purpose (Alter 2007; Di Domenico et al. 2010; Mazzarol et al. 2013). This definition does however depart from current theoretical definitions, as it provides greater specificity regarding the types and level of trading activity (as discussed above). This specificity

provided regarding trading activity and levels of profit reinvestment back into the enterprise aligns the definition more closely with the notion of organisational hybridity from within the institutional logics literature (to be discussed in greater depth below), an element that is not clearly evident with broader, more normative definitions in the literature. The use of this definition is therefore consistent with the use of the theory of institutional logics within this study. The operationalisation of the FASES definition in this study does however create a number of implications for the research, particularly in relation to the selection of case organisations. These implications are addressed further in the methodology chapter (see Section 4.3.2).

## **2.4 Social enterprises as hybrid organisations**

Unifying all of the above perspectives on social enterprise is the understanding that these organisations integrate business principles with social benefit objectives (Paulsen & McDonald 2011). As ‘extreme cases of hybridisation’ (Battilana & Lee 2014, p. 399), social enterprises combine the values and mission of a non-profit organisation with the traditional market values of a profit oriented business, which places emphasis upon profit maximisation, operational efficiencies and competition (Battilana et al. 2012; Gidron & Hasenfeld 2012; Pache & Santos 2013b). In order to be sustainable, social enterprises must therefore incorporate and balance organisational structures, cultures, practices and processes associated with both community and market sectors (Pache & Santos 2013b; Smith et al. 2013; Smith & Lewis 2011). Furthermore, not only do social enterprises draw reference for their organisational structures and practices from both market and community sectors, they must also manage the expectations placed upon them from individuals and organisations from across all three societal sectors. As a result, social enterprise management and decision-making is highly complex.

As argued by Friedland and Alford (1991), the study of individual and organisational behaviour must situate organisations within their societal contexts. Studying and understanding social enterprises therefore requires the application of theories that allow for the exploration of social enterprise hybridity and account for the fragmented environment in which social enterprises operate. The application of mainstream management and entrepreneurship theories to explore social enterprises, has however, been criticised as inadequate for understanding the complexity of social enterprise, as their emphasis upon

the role of commercial rationality within the operation of organisations is unlikely to fully capture the whole range of factors that guide social enterprise management and decision-making (Dacin et al. 2011; Fottler 1981; Mair & Martí 2006; Parkinson & Howorth 2008). Understanding social enterprises therefore requires the use of theories that explore how the values, processes and structures associated with both their social benefit and commercial objectives influence organisational management and decision-making (Dacin et al. 2011; Fottler 1981; Mair & Martí 2006; Parkinson & Howorth 2008; Ridley-Duff 2008).

The theory of institutional logics is one theory that is capable of capturing the complexity associated with the operation of organisations such as social enterprise (Bielefeld 2009; Dacin et al. 2011). Unlike other dominant organisational theories that remove organisations from their societal context and/or emphasise market mechanisms to explain individual action and preferences (Friedland & Alford 1991; Lounsbury & Boxenbaum 2013; Thornton & Ocasio 2008), the theory of institutional logics recognises that individuals and organisations are *embedded* within an inter-institutional system composed of a number of societal frameworks or institutional orders. The principles, practices and symbols of each institutional order are incorporated within a number of institutional logics, which influence organisational and individual sense-making, motivation for action and sense of identity (Thornton et al. 2012). Institutional logics therefore provide a framework of values, rituals and practices upon which individual and organisational behaviour and decision-making is based (Thornton et al. 2012).

Incorporated within the theory of institutional logics is the recognition that organisations, through complex interactions with actors from across all societal sectors, are exposed to and may embody a number of different institutional logics, some of which may be competing (Friedland & Alford 1991; Pache & Santos 2013c). As such, use of this theory enables research to develop insight into the ways in which organisations that combine a number of different institutional logics both manage and reproduce these logics within their behaviour and decision-making. Within a social enterprise context, the theory of institutional logics provides a lens through which research can explore how the multiple objectives of social enterprise reflect their embeddedness within a number of institutional orders, and how the combination of multiple institutional logics frame the way in which they undertake strategic decision-making (Thornton & Ocasio 1999; Thornton et al. 2012).

### ***2.4.1 Institutional logics***

Since 2000, institutional logics research has grown rapidly within organisation theory (Lounsbury & Boxenbaum 2013). Recognised as a core perspective in sociology and organisation theory (Greenwood et al. 2008), research into institutional logics has been undertaken within a wide range of organisational settings, including universities (Townley 1997), health care organisations (Kitchener 2002; Reay & Hinings 2005; Waldorff et al. 2013), higher education publishing (Thornton 2002), accounting firms (Greenwood & Suddaby 2006), and even symphony orchestras (Glynn & Lounsbury 2005), to name a few. A strong focus within institutional logics research has been upon understanding the implications of logic multiplicity upon organisations (Besharov & Smith 2014; Kraatz & Block 2008), and how individuals and organisations respond to institutional complexity (Besharov & Smith 2012; Bjerregaard & Jonasson 2013; Greenwood et al. 2010; Greenwood et al. 2011; Kodeih & Greenwood 2014; Pache & Santos 2013a, 2013b; Pache & Santos 2011, 2013c; Raynard & Greenwood 2014; Reay & Hinings 2009). More recently, institutional logics has been applied to explore the hybridity of social enterprises, including their incorporation and management of multiple institutional logics (Battilana & Dorado 2010; Battilana & Lee 2014; Child 2012; Garrow & Hasenfeld 2012; Huybrechts & Nicholls 2013; Nicholls & Huybrechts 2014; Zeyen & Beckmann 2011).

The institutional logics perspective is a meta-theoretical framework for analysing the interactions and relationships among institutions, organisations and individuals within a social system (Thornton et al. 2012, p. 2). According to this theory, the inter-institutional system (Friedland & Alford 1991) is built upon a number of institutional orders or groupings of institutions that are clustered around a ‘cornerstone institution’ that embody the principles, practices and symbols that govern a commonly recognised area of life, and shape how actors make sense of their surroundings (Thornton et al. 2012, p. 54). In their seminal work on institutional logics, Friedland and Alford (1991) identified the existence of five institutions within the inter-institutional system that had distinctive and associated logics: family, religion, state, market and corporation. Further developing this theory, Thornton et al. (2012) identified another two orders – that of community and profession.

Within each institutional order, the interests, identities, values, assumptions and activities of individuals and organisations are organised according to an overarching institutional

logic (Friedland & Alford 1991; Thornton & Ocasio 2008). Institutional logics are the ‘socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values, and beliefs, by which individuals and organisations provide meaning to their daily activity, organise time and space, and reproduce their lives and experiences’ (Thornton et al. 2012, p. 2). They influence the interests, identities, values, and assumptions of individuals and organisations, including organisational structures and practices, and also provide a source of legitimisation for these organisations (Masseti 2011; Thornton & Ocasio 2008). As the building blocks of sense-making (Thornton et al. 2012, p. 96), they affect the *allocation of attention* of managers – or in other words, how issues and problems are perceived, interpreted and acted upon (Thornton & Ocasio 2008).

The logics guiding organisational action and decision-making are not unchanging (Thornton et al. 2012). The ways in which they are enacted are influenced by individuals in management roles within organisations, or those with power within organisations (Greenwood et al. 2011). Consequently, the dominance of particular logics within organisations can be influenced by leaders within organisations who are respected and considered legitimate carriers of the logics internally (Pache & Santos 2010). In situations where institutional contradictions exist, these individuals may exercise agency, which can lead to institutional change (Thornton et al. 2012). The interpretation and enactment of logics may also be filtered by a number of organisational attributes, such as organisational ownership, field position and organisational identity (Greenwood et al. 2011).

In summary, the theory of institutional logics is a conceptual research framework that seeks to understand organisations from the perspective of their embeddedness within complex societal frameworks. It enables research to explore the multiplicity, heterogeneity and coexistence of different institutional logics upon organisational and individual behaviour and decision-making, thus providing a lens through which to understand the complexities of the social world in which organisations operate. Exploration of social enterprises using institutional logics theory will therefore deliver insight into how the hybridity of social enterprises impact and is impacted by their embeddedness within different societal frameworks.



### ***2.4.2 The institutional logics of social enterprise***

As hybrid organisations, social enterprises embed a social benefit logic (also known as the community order logic) and commercial logic at their core (Battilana & Dorado 2010; Battilana et al. 2012; Gidron & Hasenfeld 2012). This characteristic differentiates them from other hybrid organisations, which generally operate according to a dominant logic, with a secondary social and/or commercial logic existing within peripheral strategies of the organisation.

#### ***2.4.2.1 Social benefit logic and objectives***

Descriptions of social benefit logic associate it with the passion, values and mission of non-profit organisations (Battilana & Lee 2014; Battilana et al. 2012; Smith et al. 2013). Imbued within the social benefit logic is the underpinning belief that ‘environmental and social action based within utopian moral and higher ground ethical positions are a more legitimate form of business pursuit compared to private business’ (Bull et al. 2010, p. 252). Organisations that operate according to a social benefit logic are therefore committed to the creation of social value for the public good (Austin et al. 2006; Galaskiewicz & Barringer 2012), generated through activity and practice that fosters participation, inclusion and reciprocity (Diesing 1962; Thornton et al. 2012), group membership (Pache & Santos 2013b; Thornton et al. 2012), democratic governance (Pache & Santos 2013b; Thornton et al. 2012), and local input (Pache & Santos 2013b). It also represents a philosophy that emphasises a shift away from doing unto others, to helping others do unto themselves (Adams 2009; Goldstein et al. 2008; Talbot et al. 2002).

The core objectives associated with the social benefit logic are the development of products and services that achieve a social purpose by addressing identified social needs (Pache & Santos 2013b). Whilst the concept of social purpose is one of the cornerstones that define a social enterprise, consensus is lacking about what this actually involves (Barraket & Collyer 2010; Cho 2006). Very few authors within the social enterprise field define this concept within their writing, and it is common for authors to treat the idea of ‘social’ as a ‘predetermined and exogenous concept, or one so patently obvious as to require no further definition’ (Cho 2006, p. 37). In its broadest sense however, a social enterprise’s social purpose is to generate benefits or value that fulfil the needs of a wide

range of individuals who may represent a large class of people or a community, who may even take part directly in the value generation process (Borzaga & Defourny 2004; Peredo & Chrisman 2006). They also seek to build social capital (Ridley-Duff 2008), as well as to enhance community cohesion through the development of relationships and networks that foster increased cohesion between community members (Di Domenico et al. 2010).

At an individual level, the social benefits delivered by social enterprises to their beneficiaries can also be much broader than a job or financial support. The inclusion of the individuals they support within enterprise operations can provide access to a positive peer environment, can help develop communications skills, develop broader-range skills and develop alternative pathways to gain a foothold in the mainstream community (Paulsen & McDonald 2011). In addition, inclusion can develop employment opportunities, provide low cost personal loans and enhance civic involvement through volunteering (Smallbone et al. 2001). The ability to generate such social value is a source of moral legitimacy for social enterprises, and has also been argued to be a source of ethical capital (Dart 2004b; Ridley-Duff 2008).

It is the strength of their social benefit logic that differentiates social enterprises from mainstream business organisations, which predominantly operate according to a dominant commercial logic. However, as with profit oriented business, social enterprises seek to generate revenue through market trading activities. Reinvested back into the enterprise, this revenue supports the delivery of social programs, as well as the viability of the enterprise overall. In contrast to the social benefit logic that guides enterprise decision-making regarding its social objectives, the market trading activities of these enterprises are guided by a commercial logic. This logic will be further explored below.

#### 2.4.2.2 Commercial logic and objectives

The commercial logic is generally described within the literature as being associated with ideals and values of the market institutional order (Thornton et al. 2012). These values and practices are those that exist within the marketplace, focused upon profit maximisation and personal gain (Galaskiewicz & Barringer 2012), cost and task efficiency (Diesing 1962; Diochon & Anderson 2011; Galaskiewicz & Barringer 2012), competition, exchange relationships, and private ownership (Diesing 1962; Gidron & Hasenfeld 2012).

Furthermore, within such frameworks, hierarchical control is considered to be an appropriate governance mechanism to coordinate collective behaviour (Pache & Santos 2011). This logic has been associated with a 'utilitarian' identity (see Moss et al. 2011), which is focused upon elements such as customer service, staff expertise, product/service quality, and industry and market factors (Foreman & Whetten 2002).

For social enterprises, their commercial logic is evident within their engagement in market trading activities, and associated organisational objectives to reduce operating costs and increase revenue flows from their commercial activities (Haugh 2007; Moss et al. 2011; Peredo & McLean 2006). According to the FASES definition of social enterprise (see 2.4.5), trade involves the organised and sustained exchange of goods and services in transactions of both a monetary and non-monetary nature, which may also involve open-tendered contracts with governments, as well as trade within member-based organisations where membership is open and voluntary or where membership serves a traditionally marginalised social group. For social enterprise, the purpose of all trading activity is to enable enterprise beneficiaries to enhance their own wealth and improve their standard of living (Meyskens et al. 2010b).

In summary, the complexity of social enterprises stem from their combination of multiple and contrasting institutional logics. The following discussion will explore the impact of this complexity upon social enterprise decision-making.

### ***2.4.3 Challenges experienced by social enterprises as a result of their institutional complexity***

The sustainability of social enterprises is dependent upon their ability to effectively combine and balance the different structures, practices, values, beliefs and objectives associated with these dual logics in a manner that maximises beneficial social and commercial outcomes (Battilana & Lee 2014; Dacin et al. 2010; Garrow & Hasenfeld 2012; Mazzarol et al. 2013; Seanor et al. 2007). It has been recognised that the combination of logics may be a source of innovation for social enterprises, leading to the development of new practices (Jay 2013; Reay & Hinings 2009), however a central focus of extant social enterprise research has been upon the challenges and tensions experienced by social enterprises when adhering to different logic frameworks (Battilana & Lee 2014;

Cooney 2006; Dacin et al. 2011; Diochon & Anderson 2011; Garrow & Hasenfeld 2012; Seanor et al. 2007; Smith et al. 2013).

Tensions may arise as a result of contradictory organisational structures, cultures, practices and processes (Pache & Santos 2013b; Smith et al. 2013; Smith & Lewis 2011). Such tensions are particularly pertinent within social enterprises, given the propensity for social benefit and commercial logics to provide contrasting guidelines for action (Besharov & Smith 2012). Social missions and business ventures frequently involve different, and inconsistent, cultures and human resource practices (Smith et al. 2013). Social enterprises may experience tensions when making hiring decisions (Battilana & Dorado 2010), when deciding upon the level of integration between social and commercial activities and their associated practices, and when choosing a legal form for the enterprise (Battilana et al. 2012).

Performing tensions arise when social enterprises strive to address the different demands within multiple stakeholder groups (Smith & Lewis 2011). The combination of goals of efficiency, innovation, and resources of a traditional for-profit firm with the passion, values and mission of a non-profit organisation may be challenging for a social enterprise (Battilana et al. 2012). Managing the demands associated with a ‘double bottom line’ requires social enterprises to maintain appropriate balance between social and commercial goals, which requires ensuring that resource utilisation strategies do not undermine the ability of the enterprise to pursue and achieve social goals (Mozier & Tracey 2010; Spear et al. 2007). In some instances however, competitive market pressures may prevent social enterprises from pursuing inefficient social preferences (Dees & Anderson 2003).

Further performance-based challenges may arise from the difficulties that social enterprises can experience when defining the successful achievement of goals, given that success according to the values of social benefit logic may differ when compared to measures of success as defined by a commercial logic (Smith et al. 2013). For example, in comparison to the achievement of financial outcomes which are easily measured in the short-term, the achievement of social goals often occurs over longer timeframes (Hoffman et al. 2012). As a result, tensions may arise when needing to reconcile different outcome timeframes, and perceptions regarding sustainable growth and scalability (Dees et al. 2004). Some authors propose that the ability to quantify commercial outcomes may lead to

the domination of a commercial logic within organisational decision-making, thereby compromising the pursuit and achievement of social goals (Dees & Anderson 2003; Garrow & Hasenfeld 2012; Stevens 2011).

Social enterprises also face challenges in relation to their identity and legitimacy when managing different stakeholder groups (Smith & Lewis 2011). In order to be successful, social enterprises must adhere to practices seen to be legitimate by stakeholders within each domain of practice from which their social benefit and commercial logics derive (Huybrechts & Nicholls 2013; Tracey & Phillips 2007). Achieving legitimacy with external stakeholders is not always easy, and the effort of striving to appear legitimate may negatively affect their perceived authenticity with different stakeholder groups (Galaskiewicz & Barringer 2012). Social enterprises are also required to manage their image and legitimacy with internal stakeholders. When seeking to develop a sense of belonging or identification with social enterprise goals and activities, employees may struggle to determine the degree of enterprise alignment to profit motives and social mission, which can influence the level of alignment and integration achieved internally (Battilana & Lee 2014; Dees & Anderson 2003; Tracey & Phillips 2007).

#### ***2.4.4 Factors influencing the impact of institutional complexity within social enterprise decision-making***

It is well recognised that strategic decision-making within organisations more generally may be complicated by a number of organisational factors including organisational strategy, organisational structure and governance (Fredrickson 1986; Goodstein et al. 1994; Shepherd & Rudd 2014), organisational size (Xueli & Wang 2012), resource base (organisational slack) (Nooraie 2012; Papadakis et al. 1998), as well as the leadership capabilities of managers (Shepherd & Rudd 2014). In the context of social enterprise however, the nascency of the literature has meant that the influence of these organisational factors upon the strategic decision-making of hybrid organisations such as social enterprise is not well understood. Instead, the literature has focused upon the degree to which the level of integration between activities and objectives associated with a social benefit and commercial logics impact upon social enterprise decision-making.

The level of integration, or organisational hybridity, may vary between social enterprises. For example, in some enterprises, the social programs are distinct from business activities – whereby trading activities, whilst funding social programs, are undertaken externally to the organisation and are unrelated to their social mission (Alter 2007). In these instances where integration is *external*, each operational area operates according to separate logics which do not overlap at any point. For example, Australian food manufacturer Sanitarium operates according to an external social enterprise model. Owned by the Seventh Day Adventist Church, the profits generated from the sale of its products are fully reinvested into the Church, and are used to undertake charitable activities and events within the Australian community (Sanitarium Health and Wellbeing 2015). The separation between social and commercial activities within externally oriented social enterprises reduces decision-making complexity, as each separate unit is able to operate according to its relevant logic.

At the opposite end of the spectrum, a number of social enterprises operate according to a model in which social programs and business activities overlap, and are one in the same. Within these *embedded* forms of social enterprise (Alter 2007), both social and commercial activities revolve around the social mission of the enterprise. The Big Issue is an example of an embedded social enterprise. This organisation operates a number of social enterprises, the most well-known being *The Big Issue Magazine*. Under this model, homeless, marginalised and disadvantaged individuals become vendors for the enterprise, purchasing magazines for \$3 a copy and selling them to the public for \$6. The profits gained by the vendors provide an income that they may use to make positive changes in their lives, whilst the profits generated for the enterprise are reinvested into the production of magazines, as well as the delivery of programs designed to support other disadvantaged groups within society (The Big Issue 2015). Conceptualisations within the literature have predominantly focused on the latter form of integration, with a strong emphasis placed upon the complexities involved in balancing social benefit and commercial logics within organisational management and decision-making (Davies 2009; Di Domenico et al. 2010; Huybrechts & Nicholls 2013; Maase & Bossink 2010; Meyskens & Carsrud 2013; Nicholls & Huybrechts 2014).

#### ***2.4.5 The influence of institutional complexity upon social enterprise actions and decision-making***

Recognising the tensions experienced by social enterprises when managing multiple logics, a number of authors have sought to determine the approaches taken by social enterprises when responding to internal tensions (Battilana & Lee 2014; Child 2012; Diochon & Anderson 2011). Theorising at the strategic level has indicated that social enterprises are not passive recipients of logic-based prescriptions for action – and may in fact illustrate agency in the interpretation, translation and transformation of logic-based prescriptions of action (Pache & Santos 2013b). Theorising at the practice-based level has led to propositions that social enterprises manage and alleviate their hybridity-based tensions through hybrid organising – which involves the enactment of ‘activities, structures, processes and meanings’ which enable them to make sense of and combine aspects of multiple organisational forms (Battilana & Lee 2014, p. 412). According to these authors, hybrid organising may occur across five key areas of organisational life, including within core organisational activities, workforce composition, organisational design, inter-organisational relationships and organisational culture (Battilana & Lee 2014).

Empirical research into the practices utilised by social enterprises to manage their institutional complexity is in its infancy. The few empirical studies that have been undertaken found that a range of different practices were utilised by social enterprises. For example, research by Battilana and Dorado (2010) found that social enterprises that employed individuals based upon their socialisability, instead of according to their previous institutional experience/socialisation, were able to build a cohesive organisational identity and overcome internal conflict. In contrast, the enterprises that employed individuals based upon their area of capability experienced higher levels of tension between individuals associated with the different organisational logics. In a different social enterprise context, Teasdale (2012a) examined the management of institutional complexity within work integration social enterprises. The study found that a number of commercial practices were adopted, such as casualising the workforce in order to generate greater flexibilities, and the utilisation of commercial employment screening practices that raised the required capabilities of disabled enterprise employees. In addition to this, the enterprise employed a number of non-homeless individuals in order to increase productivity and overall profits, whilst reducing the costs associated with the delivery of social services.

This activity of combining commercial practices with existing social practices reflects the propensity for social enterprises to ‘selectively couple’ at the organisational level, a term developed by Pache and Santos (2013b) from research into work integration social enterprises. According to these authors, the social enterprises studied did not decouple or compartmentalise their different logics, but instead selected and combined intact practices from each logic in a way that maximised the balance achieved. The authors found that the enterprises with a priori social legitimacy were better able to adopt templates from other logics and retain their legitimacy whilst doing so.

#### ***2.4.6 Institutional complexity and social enterprise resource acquisition strategies***

Whilst academic interest in social enterprise hybridity is growing, researchers have yet to fully explore how institutional complexity influences processes that occur internally within these enterprises (Chowdhury 2012; Greenwood et al. 2011). As illustrated in the review above, extant research has predominantly focused upon the internal aspects of social enterprise management in relation to balancing multiple logics and their associated objectives. However, understanding social enterprise hybridity also requires exploration into the practices and activities that relate to external aspects of organisational life – such as the formation and management of relationships with external stakeholders (Battilana & Lee 2014; Chowdhury 2012).

Partnerships represent an important avenue for social enterprises to access needed resources and support, as well as a means through which they can enhance the balance between contrasting institutional logics (Davies 2009). Whilst it is argued that the hybrid nature of social enterprises increases the complexity of the management processes within these relationships (Battilana & Lee 2014), little research has been undertaken into how the institutional logics of social enterprises influence the way in which they create and leverage resources in a partnership context (Doherty et al. 2014). There is a recognised need for research in this area, with authors calling for research into the influence of social enterprise hybridity upon the ways in which they select, develop and manage their relationships (Battilana & Lee 2014). This is important because examining the influence of multiple institutional logics within an inter-organisational setting can produce greater understanding about the ways in which hybridity influences organisational processes and decision-making in situations with partners in which logics may or may not be aligned



(Chowdhury 2012). This research opportunity will be explored in greater depth in Chapter 3, which presents the literature relating to social enterprise partnerships.

## **2.5 Conclusion**

This chapter has outlined the complexity that characterises social enterprise and theoretical conceptualisations of this type of organisation. The theory of institutional logics was introduced as the theoretical framework that will be used to guide this research. It concluded with a discussion of complexities that institutional complexity may cause for social enterprise, particularly in reference to their partnerships. Chapter 3 will explore social enterprise partnerships in greater depth, developing the research questions that guide this research.

## **Chapter 3 - Theorising social enterprise-business partnerships**

### **3.1 Introduction**

This chapter reviews extant literature on cross-sector partnership, and presents the research questions and research framework that will guide the collection and analysis of data in this study. The chapter commences with an analysis of the definition of cross-sector partnership and factors supporting their growth. The benefits of cross-sector partnership for social enterprises and their business partners are then outlined (Sections 3.5). Section 3.6 provides a discussion of the institutional complexity inherent within cross-sector partnerships, and the implications on both the dynamics and management of such relationships. The literature relating to SE-BUS partnerships is then reviewed according to stages of partnership outlined in Section 3.7.1, and research questions are presented. Section 3.8 presents the framework guiding this research, and Section 3.9 concludes the chapter.

### **3.2 Definition of cross-sector partnership**

Partnership is generally recognised as involving active and ongoing interaction between partners (Austin 2000; Hardy et al. 2003; Rivera-Santos & Rufín 2010), who share resources (Gray 1985; Parmigiani & Rivera-Santos 2011) with the aim of achieving a set task or problem that cannot be achieved alone (Gray 1985; Guo & Acar 2005). The concept of partnership has been defined in many different ways, with terms such as ‘partnership’, ‘alliance’ and ‘collaboration’ often used interchangeably to describe relationships between two or more organisations. In addition, joint ventures, buyer-supplier agreements, licensing, co-branding, franchising, networks, trade associations and consortia have also been placed within the conceptual basket that incorporates ‘partnership’ (Parmigiani & Rivera-Santos 2011).

Definitions of partnership differ between different bodies of literature. For example, within the business partnerships literature, definitions emphasise the achievement of the strategic objectives of the partners. A common approach within this literature is to approach the

study of partnerships from an organisational economics perspective, whereby partnerships are considered to be the most efficient form of governance (Parmigiani & Rivera-Santos 2011). In contrast, the cross-sector partnership literature uses terms such as cross-sector social partnership (CSSP) (Clarke & Fuller 2010; Seitanidi et al. 2010; Selsky & Parker 2005, 2010), and social alliances (Waddock 1988) to describe partnerships that extend beyond purely commercial considerations to include objectives to maximise social, economic and political goals (Di Domenico & Haugh 2007). In these partnerships, organisations from the business, government and community sector work together to achieve solutions to social problems (Crane & Seitanidi 2014). This literature generally defines partnership as something that occurs outside of contractual relations (market-based) or ‘principal-agent’ relationships (Lawrence et al. 2002; Phillips et al. 2000). However, there is growing recognition that partnerships may form around the exchange of commercially oriented goods/services with organisations within the supply and distribution channel of social sector organisations or their partners (Doherty et al. 2014; Lyon 2011), and that these relationships can foster trust, reciprocity and longer-term commitment between partners (Rees et al. 2012).

The definition utilised in this research applies the concept of partnership broadly to include the exchange or sharing of resources between two or more organisations in order to maximise value creation – whether that be social, environmental or financial value (Meyskens 2010). Given the nascence of literature on social enterprise partnerships, this definition will allow the research to capture wide variances in partnership as identified by social enterprise participants. This is in line with methodological recommendations of Blumer (1954, p. 7) who recommends that concepts be defined in a way to provide a ‘general sense’ for reference and guidance, as doing so enables researchers to uncover the different forms and conceptualisations of the phenomena studied.

### **3.3 Growing support for SE-BUS partnerships**

Social enterprises form partnerships with organisations from all sectors, including with government entities or educational institutions (public sector), with corporations and financial institutions (private sector), and with other social enterprises, religious organisations, as well as communities (community sector) (Seanor 2011). The growth in the development of SE-BUS partnerships is reflective of a growth in cross-sector

partnerships more widely, which are considered to play a critical role in addressing an array of serious challenges facing society (Crane & Seitanidi 2014). For example, collaboration is increasingly being viewed by CEOs as a critical element to the achievement of sustainability goals. This is illustrated by the findings of a global study into the sustainability perspectives of CEOs, whereby 76 per cent of the 766 respondents expressed the belief that industry collaborations and multi-stakeholder partnerships were vital to the ability to address and overcome many of society's developmental problems (Lacy et al. 2010).

SE-BUS partnerships, in particular, have been recognised for their ability to address complex societal problems. Their growth in numbers has been supported by the gaining prominence of 'joined-up' approaches to governance, whereby government, community and private sector organisations work together to achieve effective and sustainable solutions for social problems that have expanded beyond the responsibility of any single sector (Considine 2008; Giguere & Considine 2008). The success of these 'joined-up' or 'network' approaches for the betterment of society are gaining in prominence, and in some countries are being incorporated into public policy frameworks (Giguere & Considine 2008). In 2013, the Australian Government established SEDIF to support social enterprises' access to finance and resources required to develop their activities, and to enhance their attractiveness as partners (Department of Education and Training 2012). More recently, in 2014, the Federal Government re-established the Community Business Partnership program, designed to bring together prominent members of the community and business sectors within Australia to provide guidance as to how volunteering and philanthropy levels may be increased, as well as ways in which business and community organisations may be able to work together in order to enhance social outcomes (Department of Prime Minister and Cabinet 2014).

Evident within the different initiatives that have been developed to support social enterprise partnerships is the recognition that partnerships are considered to be an effective strategy for the concentration of resources to achieve the 'biggest possible impact' when addressing specific problems (Giguere 2008). However, in addition to generating positive societal outcomes, SE-BUS partnership also have particular advantages for the partners involved.

### **3.4 Partnership advantages for social enterprises**

Social enterprises, as with all organisations, are reliant upon the interaction between other individuals and entities for their growth and success (Parmigiani & Rivera-Santos 2011). Whilst social enterprises have operated for many years, it is only in the last decade that these organisations have captured the interest of policy makers, business practitioners and the community more widely. Although knowledge of their business models and activities is increasing, social enterprises grapple with a number of issues that affect their growth and sustainability, including challenges associated with accessing and leveraging financial, physical, social and human resources (Aldrich & Fiol 1994; Lyon & Ramsden 2006; Rees et al. 2012). These challenges may see them trapped within a vicious cycle involving modest surplus, restricted growth and unsustainability (Burkitt 2010), which inhibits growth, and can lead to enterprise failure. Combined with reductions in government funding for the delivery of social programs (Weerawardena & Mort 2006), social enterprises are being encouraged to seek alternative avenues through which to secure financial support (Sakarya et al. 2012).

The formation of partnerships is an important strategy through which social enterprises may overcome these challenges, and gain access to resources and support required to pursue their social goals and ensure organisational survival (Austin & Seitanidi 2012a; Austin et al. 2006; Austin 2000; Berger et al. 2006; Di Domenico et al. 2009; Sakarya et al. 2012). Partnership fosters the growth of the enterprises, and assists with the development of strategic capabilities and value (Meyskens 2010; Meyskens & Carsrud 2013; Meyskens et al. 2010a). Inclusion within a network of partnerships can also assist social enterprises to enhance their quality of output and to develop a strong competitive position, facilitates the development of market based information and business knowledge capacity, and may also support the ideological purpose of the enterprise (Davies 2009). Importantly, partnership also enhances the effectiveness of social initiatives and the overall impact upon the social issue targeted (Austin & Seitanidi 2012b; Giguere 2008; Googins & Rochlin 2000; Trist 1983). Both effectiveness and efficiency may be enabled through partnership, as organisations are able to pool their resources and reduce transaction costs, thereby extending the reach of the provided services and support (Schirmer & Cameron 2012). It is also from collaboration across sectors that innovative solutions to social problems are formed (Maase & Bossink 2010).

### **3.5 Partnership advantages for businesses**

The formation of cross-sector partnerships with social enterprises has many advantages for profit-oriented businesses. Historically, businesses were considered to fulfil their social responsibility by operating in a manner designed to increase profits generated without engaging in deceptive or fraudulent activity (Friedman 1970). The nature of the social responsibility of business has changed in recent times however, led by the recognition of the growing influence of businesses within society, as well as the broadening spotlight placed upon unethical business conduct. The outcome of these changing expectations upon business is the increasing demand for private sector businesses to embrace greater responsibility for the welfare of both society and the environment (Lee 2011). These pressures have led businesses to develop CSR strategies, which have increasingly become an inescapable priority for business leaders in every country (Porter & Kramer 2006).

Collaborations with social enterprises represent one way through which businesses are able to illustrate their commitment to principles of social responsibility and improvement to social welfare. The formation of partnerships with community organisations is a strategy that visibly illustrates a company's CSR commitments (Seitanidi & Crane 2009).

Increasingly, businesses are seeking relationships that are no longer 'just about the money', and are looking for opportunities that enable the creation of shared value (Levitt 2012; Porter & Kramer 2006). Social enterprises are deeply embedded within the communities they seek to support, and the development of a partnership enables the business to develop a greater sense of legitimacy within these communities, which can have positive flow on effects in relation to the business's reputation and perceived trustworthiness (Di Domenico et al. 2009). In addition, CSR strategies may result in greater customer loyalty, new products, productivity gains, enhanced reputation and image, as well as increased sustainability (Lee 2011; Porter & Kramer 2011).

In conclusion, cross-sector partnerships between social enterprise and businesses can generate a number of positive outcomes for partner organisations as well as communities and society more generally. SE-BUS partnerships are, however, highly complex arrangements that bring together organisations with different institutional logics. The combination of contrasting logics can introduce conflict and tensions within these relationships, particularly affecting the partnership experiences of partners, as well as the

outcomes achieved. The impact of institutional complexity upon SE-BUS partnerships, particularly in reference to the decision-making and activities undertaken within different stages of partnership, will be addressed below.

### **3.6 Institutional complexity and cross-sector partnership**

Cross-sector partnerships between social enterprises and businesses differ from traditional philanthropic partnerships, as well as classical business alliances. As inherently complex arrangements, they bring together partners with both complementary and competing institutional logics. For example, businesses, due to their market orientation, are predominantly driven by commercial logic. Whilst social enterprises share this logic, the enactment of their commercial logic within commercial strategies is the means through which they can achieve objectives associated with a social benefit logic (Gidron & Hasenfeld 2012). Differences may therefore exist between partners in relation to organisational objectives, ideals and values, as well as different 'performance measures, competitive dynamics, organisational structures, decision-making styles, professional languages and incentive and motivational structures' (Austin 2000, p. 14).

The combination of logics within SE-BUS partnerships creates complexity within these relationships, which has a number of implications for their management and success. Given that partnership does not operate according to the rules and processes inherent within market and hierarchical relationships, partners must therefore determine which logics guide partnership processes and management (Phillips et al. 2000). The social benefit and commercial logics within SE-BUS partnerships provide partners with a set of institutionally legitimate practices that determine how they interact (Phillips et al. 2000), and guide the allocation of attention by shaping what problems and issues are given priority and what solutions are likely to be considered in decision making (Thornton & Ocasio 1999; Thornton et al. 2012). The combination of similar and divergent logics within SE-BUS partnerships means it is likely that each actor will have different perspectives when viewing their partnerships, and also may take different and possibly contradictory approaches to their formation and management (Di Domenico et al. 2009; Vurro et al. 2011). This may create challenges within partnership arrangements, which unless managed may lead to conflict and ultimately the dissolution of the relationship (Seitanidi 2010).

For social enterprises particularly, complexity is compounded by the fact that in addition to managing different institutional logics that occur at the partnership level, they are also required to mediate tensions arising internally as a result of their own institutional pluralism. Some authors have suggested that, as a result of their institutional complexity, social enterprises may be more likely to acquiesce to demands of their business partners, which in some instances may lead to the compromise of their social goals (Battilana & Lee 2014; Huybrechts & Nicholls 2013; Wry et al. 2013). Research exploring the link between the institutional logics of social enterprises and their approach to the development and management of their partnerships is limited however (Doherty et al. 2014), and the influence of partner logics upon the partnership actions and decision-making of social enterprises has yet to be fully explored.

The literature on social enterprise partnerships is in the very early development stages, and a comprehensive and insightful body of literature is only just forming. The need for research on social enterprise partnerships has been identified within the literature (Sakarya et al. 2012), with a number of authors highlighting the need for research that explores the influence of social enterprise hybridity upon the way in which they select, develop and manage their relationships (Battilana & Lee 2014; Doherty et al. 2014; Haugh 2005). As argued by Vurro and Dacin (2014, p. 307) ‘inter-organisational collaboration should be analysed jointly with the characteristics of the fields in which they take place to have a comprehensive picture of the drivers of their effectiveness’. Furthermore, research is required to advance understanding of the impact of institutional complexity upon decision-making in relationships in which partner logics may or may not align has also been identified (Chowdhury 2012). In order to address these identified gaps in knowledge, this research seeks to answer the following overarching question:

*How does the combination of social benefit and commercial logics within social enterprise-business partnerships influence the manner in which social enterprises establish and manage their relationships in order to achieve the enterprise’s social and commercial organisational objectives?*

The insight gained through exploration of this question will provide a number of theoretical and practical implications. The knowledge can be used by practitioners and policy makers to support the successful formation and management of partnership (Haugh



2005). It will provide linkages between the institutional environment and social enterprises' actions and decision-making, helping to understand how different institutional logics may manifest within different processes of partnership (i.e. linking macro factors to micro phenomena). Finally, it will develop understanding as to how social enterprises, as hybrid organisations, organise and enact their multiple logics to generate desired organisational outcomes (Greenwood et al. 2010; Pache & Santos 2011).

### **3.7 Social enterprise partnership decision-making**

Institutional logics provide guidelines for sense-making and behaviour, and determine how institutional actors allocate their attention when making organisational decisions. When forming partnerships, social enterprises (and their partners) bring with them the values, practices and beliefs that reflect their different institutional frameworks. These frameworks guide the decisions and actions made by partners during different stages of partnership development and implementation.

#### ***3.7.1 Partnership stages***

It is generally agreed that cross-sector partnerships can be examined according to a number of chronological stages, however variances exist between authors as to the number of stages and the variables examined within each stage (see Bryson et al. 2006; Clarke & Fuller 2010; Seitanidi & Crane 2009; Seitanidi et al. 2010; Selsky & Parker 2005; Waddell & Brown 1997). Stage variances aside, common themes exist across the different approaches in relation to the key decisions and processes undertaken when developing and managing partnerships. These include motivations for partnership (Bryson et al. 2006; Gray & Wood 1991; Seitanidi 2010; Selsky & Parker 2005; Waddell & Brown 1997), partner selection (Gray & Wood 1991; Huybrechts & Nicholls 2013; Waddell & Brown 1997), partnership structuring and management (Bryson et al. 2006; Seitanidi & Crane 2009; Seitanidi 2010), and partnership outcomes (Bryson et al. 2006; Clarke & Fuller 2010; Gray & Wood 1991; Seitanidi 2010; Waddell & Brown 1997). As each stage of partnership requires different types of decision-making and behaviour, the impact of the SE-BUS partnership complexity will likely differ according to partnership stage. The following discussion will discuss extant social enterprise literature in relation to these identified components of partnership and partnership decision-making.

### ***3.7.2 Institutional logics and partnership motivations***

Inherent within the process of relationship formation is the expectation that the creation of partnerships will produce outcomes valued by the partners involved. Understanding the factors that motivate actors and which drive collaborative decision-making is important, as they not only shape the nature of the relationships that ultimately form, but can also influence actors' perceptions regarding the benefits generated (Austin 2000). Furthermore, misunderstood and conflicting motivations are common factors that derail collaborative efforts (Austin 2000; Maase & Bossink 2010). In fact, a misunderstanding of motivations and intent of partners has been identified as a significant psychological hurdle that has the potential to undermine the formation of cross-sector partnerships between organisations within the private and community sectors (Rondinelli & London 2003).

An organisation's motivations for action are influenced by their embeddedness within institutional environments (Friedland & Alford 1991; Thornton et al. 2012), with different environments offering unique 'vocabularies of motives' (Mills 1940, p. 906). Motives therefore 'explain and reinforce acts, providing a link between the actions of individuals and their institutional situations' (Peters 2004, p. 211). In a partnership context, the ability to be able to understand the link between organisational justifications for partnership and their institutional framework provides useful insight into the role of institutional logics upon organisational decision-making. The examination of social enterprise partnership motives will therefore provide insight into how social enterprises 'order situations, validate behaviour and moderate reactions to others' (Peters 2004, p. 211). This knowledge will help to develop greater insight into the internal management of social enterprises' institutional logics, and the interplay between their various logics within their decisions to collaborate with businesses. Understanding the drivers for social enterprise partnership formation may also help social enterprises to design and manage their partnerships so as to fulfil expectations of value. Furthermore, this knowledge may be of use to organisations seeking to establish partnerships with social enterprises, as it may foster greater awareness of the outcomes desired by social enterprises within their collaborations.

#### **3.7.2.1 Social enterprise partnership motivations literature**

As hybrid organisations, social enterprises are likely to have different goals and motivations for partnership compared to organisations that are driven by singular dominant

logics (see Section 2.4.2) (Selsky & Parker 2005). Limited research exists into social enterprise partnership motivations however, and current thought reflects the assumptions that social enterprise decision-making is predominantly driven by their altruistic goals and values aimed at the delivery of sustainable social change (Austin 2000; Diochon & Anderson 2009; Gray & Purdy 2013). However, as pointed out by Seitanidi (2010), these expectations are based on assumptions that social enterprises are similar to non-profit organisations, and hence share the same dominant social benefit logic. However, as the hybridity of social enterprises requires them to equally balance social benefit *and* commercial logics, further examination of these assumptions within an empirical context is required.

Within the social enterprise literature, only a small number of studies have explored social enterprise partnership motivations. Di Domenico and Haugh (2007) utilised resource dependence theory in their research into social enterprise partnership activities in the UK. Data was collected by surveying development trust social enterprises engaged in dyadic partnerships with organisations from across public, private and community sectors. They found that social enterprises sought partnership in order to achieve key organisational objectives, including developing their knowledge and expertise, to raise the profile of the enterprise, and to access additional income. The findings were limited, however, by the fact that the data collected did not specifically focus on dyadic partnerships between social enterprises and profit-oriented businesses, and instead included data for partnerships with government agencies, other social enterprises and non-profits. In addition, the survey method utilised in the research required participants to rate the importance of only four different motivations, limiting insight into the range and strength of factors motivating social enterprises to collaborate. As a result of the methods applied, the findings reflect a very broad analysis of social enterprises' motivations overall, however do not specifically determine which motivations were more pertinent to partnerships with businesses.

Research undertaken by Sakarya et al. (2012) overcame this limitation and focused upon six dyadic relationships between social enterprises and business organisations within a subsistence marketplace in a developing country context. Using a qualitative case study approach, the research explored a number of facets of the relationships between social enterprises and for-profit businesses – including partnership motivations, resource inputs and collaborative outcomes. The researchers demonstrated that social enterprises were

motivated to form partnerships based on alliance level goals such as the creation of joint value, building community capacity, resource transfer and core competency exchange. At an organisational level, however, social enterprises were motivated by factors such as the need for fund-raising, enhanced visibility and image building (resource dependencies), receiving technological support, and improved legitimacy arising from being seen to follow organisational practices within the private sector.

Legitimacy was also a factor demonstrated by Huybrechts and Nicholls (2013) as driving social enterprises to seek partnerships with business. Taking what they term a ‘non-functionalist’ approach, these authors conducted an in-depth case study to explore the perspective of a UK based fair trade social enterprise within their partnership with a large corporate retailer. Using institutional theory, Huybrechts and Nicholls (2013) found that their case enterprise was motivated to form partnerships for reasons of pragmatic and moral legitimacy. Partnership was perceived to be pragmatically legitimate as it enabled the enterprise to increase sales volume and ensure economic viability. On the other hand, the relationship was also perceived to increase the moral legitimacy of the enterprise, as it improved the opportunities and livelihoods for the producers of the goods sold by the social enterprise – a key aspect of the enterprise’s social mission. In this sense, partnership was considered to be the ‘right’ thing to do. The identified perceptions regarding ‘right’ action supports an assumption within the social enterprise literature regarding the strong influence of altruism upon the actions of organisations driven by a commitment to the creation of social benefit (Milne et al. 1996; Selsky & Parker 2005).

As the above analysis illustrates, understanding of the goals that drive social enterprises to form partnerships with business organisations is extremely limited. Only two studies have explored dyadic relationships between social enterprises and businesses (see Huybrechts & Nicholls 2013; Sakarya et al. 2012), and whilst these studies utilised institutional theory, they did not provide a comprehensive exploration of how partnership motivations reflected the institutional logics of the social enterprises studied. Given the importance of understanding the rationale behind partnership formation for social enterprises, research sub-question one will seek to address the following question:

*How are the multiple logics of social enterprises evident within their motivations to form partnerships with business organisations?*

Having outlined the literature relating to social enterprise partnership motivations, the literature relating to partnership formation will now be presented.

### ***3.7.3 Institutional logics and partnership formation processes***

Understanding partnership requires an exploration into the processes that lead to the formation of partnerships (Gray & Wood 1991). According to partnership process models, a key activity undertaken during the formation of partnerships is the screening and selection of potential partners (Clarke & Fuller 2010; Seitanidi & Crane 2009; Waddell & Brown 1997; Waddock 1989). These processes will be discussed in further depth below.

#### **3.7.3.1 Partner selection**

Partner selection is the process of selecting organisations that are to become members of a collaboration (Huxham & Vangen 2000). Terms such as coalition building (Waddock 1989) and partner convening (Waddell & Brown 1997) have also been used to describe this activity. During this process of partnership, organisations seek to establish the level of perceived ‘fit’ or ‘alignment’ between potential partners. In doing so, the existence of linked interests and resource complementarities are assessed in order to determine the potential depth of relationships that may develop (Austin & Seitanidi 2012b). As such, assessments of alignment and complementarities are closely linked to the motivations of organisations to seek partnerships in the first place. Organisations are therefore most likely to collaborate with partners with which perceived alignment is strongest, as doing so enhances their potential to achieve their core objectives (Huybrechts & Nicholls 2013).

The importance of effective partner selection is widely acknowledged within the literature. The selection of appropriate partners is considered to be vital to the success of partnerships (Geringer 1991; Shah & Swaminathan 2008; Wu et al. 2009), as it reduces the need for strong governance mechanisms (Buskens et al. 2003) and informational and monitoring costs (Chen & Graddy 2010). Additionally, appropriate selection of partners can determine the potential for value creation within a relationship (Austin & Seitanidi 2012a), which can therefore influence the degree to which relationship outcomes meet the needs and expectations of partners (Dekker 2008). Furthermore, it is thought that the ability to

accurately assess the value within a potential partnership arrangement is related to the longevity of the relationship (Austin & Seitanidi 2012b).

Analysis of existing literature indicates that the process of selecting partners is not universal and the processes undertaken can differ between organisations. Selection may occur as a planned or emergent activity (Seitanidi & Crane 2009), may be experienced as a brief or extended process (Rondinelli & London 2003; Seitanidi 2010), and a diverse range of criteria may be considered. Partner selection may also be influenced by the project or partnership type, as partner characteristics may be valued differently according to the desired outcomes of the partnership effort (Shah & Swaminathan 2008). For example, the types of partners selected may differ according to whether the core focus of the partnership is upon social programs and goals, or upon commercial activities and goals. Furthermore, the evaluation of potential partners can also be influenced by the core values and activities underpinning the institutional logics that guide organisational sense-making and decision-making, which determines appropriate behaviour in collaborative settings (Greenwood et al. 2011).

The hybridity of social enterprise has led some authors to argue that partner selection decision-making undertaken by social enterprises will differ somewhat from other organisational forms (Di Domenico et al. 2009). The requirement to balance both a commercial and social benefit logic differentiates social enterprises from other organisations that operate according to a single, dominant logic. As such, whilst research within the business alliance and cross-sector partnership literatures have uncovered a wide range of partner selection criteria used by organisations, the extent to which these criteria may be utilised by hybrid organisations such as social enterprise is yet to be determined. The need for research into the partner selection activities and decision-making of social enterprises is well recognised within the literature, particularly in relation to the criteria applied by social enterprises and the weighting of importance given to different types of criteria (Di Domenico et al. 2009; Hockerts 2006; Maase & Bossink 2010; Maase & Dorst 2007).

### 3.7.3.2 Social enterprise partner selection

The primacy of the social benefit goals and logic of social enterprises has led some authors to suggest that social enterprises will not collaborate with organisations that have goals and values that conflict with their own, regardless of the potential economic benefits to be gained (Di Domenico et al. 2009). Empirical research undertaken indicates a level of support for these suggestions. Davies (2009), when researching fair trade networks in the UK, demonstrated that the enterprises studied illustrated a fundamental desire to work with other organisations with similar ‘development’ ideals. However, Davies’ (2009) research also indicated that in order to achieve their multiple purposes, fair trade organisations sought to work with organisations with competencies that the enterprises themselves did not internally possess. These findings therefore suggest that when selecting partners, social enterprises may consider criteria relevant to both their social benefit and commercial logics.

Fair trade social enterprises within the UK were also the focus of research undertaken by Huybrechts and Nicholls (2013), which explored the role of legitimacy within social enterprise partner selection decisions. This research indicated that the social mission of the enterprises was placed at the core of selection decisions. The main aim of the enterprises studied was to avoid partnering with organisations with a negative reputation, as partnership with such organisations was perceived to endanger their legitimacy within the fair trade movement. Considerations regarding the size of potential partners were also identified, with the ideal partner being of a size that was ‘economically interesting’, however not too large as to create power asymmetries within the relationship. The use of formalised selection processes based upon the use of guidelines was considered to be important by the enterprises studied, however the use of such processes was found to evolve over time.

As is evident from the above analysis, the manner in which social enterprises appraise potential partners is a component of their partnerships decision-making that requires deeper analysis (Di Domenico et al. 2009; Hockerts 2006; Maase & Bossink 2010; Maase & Dorst 2007). Whilst the above literature provides an indication of the decision-making during selection processes undertaken by social enterprises with a fair trade context, little is known about the practices of social enterprises from different industries. Furthermore,

extant literature does not provide an in-depth analysis of the different factors considered by social enterprises when selecting partners, nor does it adequately critique if, and how, enterprise logics influence the prioritisation of certain partner characteristics over others.

In order to contribute greater insight into this element of social enterprise decision-making, research sub-question two seeks to address the following:

*How are the multiple logics of social enterprises evident within their evaluation and selection of business partners?*

Having outlined the literature relating to social enterprise partnership formation, the literature relating to partnership implementation will now be presented.

#### ***3.7.4 Institutional logics and partnership implementation***

Partnership implementation encompasses the processes and interactions undertaken during the design and operationalisation of a relationship (Seitanidi 2010). During this partnership phase, decisions are made regarding how the relationship will be organised and governed, as well as the role that culture and communication will take within the operation and development of the relationship (Selsky & Parker 2005). Elements of partnership design, such as setting the structures and processes through which the relationship will operate are also determined, and provide the framework by which partners interact, resources are exchanged and joint value is created (Austin & Seitanidi 2012b).

The way in which relationships are implemented has important implications for the overall success of the relationship and the generation of positive outcomes for the partners involved (Seitanidi & Ryan 2007). A number of dynamics may arise during the implementation of partnership, some of which may affect the communication that occurs between partners (Selsky & Parker 2005) and the trust that is built overall. Effective communication between partners is vital to processes of clarifying relationship goals, generating new ideas and opportunities, as well as engaging in joint problem solving (Sagawa & Segal 2000). Furthermore, communication helps to develop a common culture between partners, one that is built upon shared values and common interests (Selsky & Parker 2005).



Positive relationship dynamics, including effective communication and reciprocated trust between partners, can, however, be impeded by contrasting partner logics (Bryson et al. 2006). This is particularly the case within cross-sector partnerships, in which partner actions are guided by, and legitimised by, the logics that exist within different institutional fields (Greenwood et al. 2010). These logics affect how partners design and operate partnership (Lawrence et al. 2002), which means that partner organisations with contrasting logics may have difficulties cooperating effectively when negotiating key aspects of partnership such as processes, structures, governance and desired outcomes (Bryson et al. 2006; Lawrence et al. 2002). For example, clashes may arise between the values of self-interest and altruism (Gray & Purdy 2013), which can lead to priority being given to shareholder interests, as opposed to the needs of social stakeholders (Seitanidi & Ryan 2007). Relationship processes and outcomes may be further influenced by the power dynamics that develop, with partners that control critical resources often dictating terms and exercising control (Phillips et al. 2000).

#### 3.7.4.1 Social enterprise partnership literature and partnership implementation

Partnerships between social enterprises and businesses are complex arrangements, shaped by the exchange capabilities and value of each partner, as well as a combination of a number of competing practices and priorities that reflect the logic frameworks within which each organisation operates (Di Domenico et al. 2009). Existing scholarship into social enterprise partnership has predominantly applied functionalist perspectives to explore the motivations for and outcomes of partnership with business (Huybrechts & Nicholls 2013; Meyskens et al. 2010b; Sakarya et al. 2012). As a result, the processes undertaken to build, implement and maintain these partnerships, as well as the role of institutional logics in these processes, has been largely overlooked within the literature (Clarke & Fuller 2010; Seelos & Mair 2007). The following discussion outlines the key themes that exist in relation to the implementation of SE-BUS partnerships, including resource contributions between partners and relationship dynamics that may develop.

#### 3.7.4.2 Resource contributions

As an emergent form of hybrid organisation, social enterprises often struggle to access resources required for their operation (Di Domenico et al. 2010). Partnership may therefore be utilised as a strategy for social enterprises to gain needed resources, and overcome resource limitations that inhibit their viability and growth. The exchange capabilities of partners are one aspect of partnership that may affect the dynamics that develop and the spread of power between partners (Di Domenico et al. 2009). Business organisations, due to their strong commercial orientation (and stability associated with operating within a mature institutional field) tend to experience greater resource superiority when compared to their social enterprise partners. This can lead to the sway of power within SE-BUS partnerships in the favour of the business partner (Kolk et al. 2010; Nicholls & Huybrechts 2014; Seitanidi & Ryan 2007; Wymer & Samu 2003), which in turn can create tensions within these relationships.

A number of resources may be contributed by partners within SE-BUS partnerships, often related to the core assets of the partners involved. Di Domenico et al. (2009) propose that collaboration objectives will most closely align with the organisational objectives of the partner whose contributions are most valued by the partner organisation. In other words, the value placed upon the contribution of each partner is the basis upon which their position within the relationship is established. Consequently, partnership processes and objectives will reflect the logic of the partner with the greatest exchange value within the relationship. The exchange value of partners is linked to their core activities, which are guided by institutional logics that determine an organisation's actions and objectives. For example, Di Domenico et al. (2009) propose that the exchange value of social enterprise for businesses is based upon the embeddedness within communities, the connection with local issues, and the sense of legitimacy that arises from their attempts to generate positive social outcomes. For a business partner, these connections provide the means through which they can develop associational legitimacy, which may have a positive effect on both the reputation and legitimacy of the business with social stakeholders. This exchange value was demonstrated in research undertaken by Meyskens et al. (2010b) into the resource capabilities of micro-finance social enterprises in partnership with businesses, in which social enterprises provided their business partners with enhanced legitimacy and for retail banks particularly, access to clients. Social enterprises have also been found to provide the

organisational infrastructure, knowledge, expertise and network connections necessary to carry out specific projects (Sakarya et al. 2012). However, it has been suggested that social enterprises, as organisations that operate a business, may also contribute commercial value to business partners, providing partners with enhanced efficiencies in the allocation of resources to help ensure longer-term success and sustainability of projects (Husted 2003).

From a social enterprise perspective, the exchange value of their business partners is proposed to be based upon their wealth generation abilities, particularly their access to commercial and financial resources (Di Domenico et al. 2009). Furthermore, businesses may offer value based upon their knowledge and infrastructure capabilities, as well as their ability to enhance the ‘business’ legitimacy of social enterprises within the market (Di Domenico et al. 2009). Support for these propositions is found in extant research. For example, research by Meyskens et al. (2010b) found that in partnerships with micro-finance social enterprises, business partners provided access to financial support in the form of grants, lending capital and clients, and human capital through the form of access to volunteers with knowledge and skills within the finance industry. Similarly, Sakarya et al. (2012) found that within social alliances targeting the disadvantaged individuals at the bottom of the pyramid, business partners were the key providers of financial resources.

Extant theorising has suggested that social enterprises, as a result of their institutional complexity and associated resource scarcities, are more likely to depend on their business partners for key resources (Battilana & Lee 2014; Nicholls & Huybrechts 2014). As the above literature suggests, these resources are highly likely to be financial in nature, a result of the commercial exchange capabilities of businesses operating according to a commercial logic. In fact, partnership with businesses has been associated with the ‘business-like’ evolution of social enterprise (Huybrechts & Nicholls 2013). However, given the nascency of literature on social enterprises, there is much yet to learn about how these organisations utilise resources within partnership, and the resource capabilities that determine their exchange value within partnerships. Further research is needed into the types of resources contributed within SE-BUS partnerships, how these resources may reflect their social and commercial objectives and capabilities, and how they influence the power dynamics developed between social enterprises and their business partners.

#### 3.7.4.3 Relationship dynamics

Theoretical analyses from the wider partnership literature suggest that in order for relationships to develop successfully and endure, partnerships must operate under conditions of balance and commonality (Nicholls & Huybrechts 2014). This literature has traditionally analysed partnerships occurring between same sector organisations operating within similar institutional frameworks (see for example Barringer & Harrison 2000; Koza & Lewin 1998; Sheth & Parvatiyar 1992). In comparison, the dynamics of relationships between organisations with contrasting institutional logics has received less attention.

It is widely argued that the contrast in institutional logics between social enterprises and businesses creates conditions of conflict when these organisations partner (Battilana & Lee 2014; Haugh 2005; Herlin 2013; Huybrechts & Nicholls 2013; Nicholls & Huybrechts 2014; Seitanidi & Ryan 2007). Each partner is thought to bring different perspectives and approaches to the management of the partnership (Di Domenico et al. 2010; Seitanidi 2010), engaging in sense-making and communication according to narratives provided by the logics from within their institutional fields. These logics help to shape the way in which partnership actors think, communicate and generate practices (Lammers 2011; Ocasio et al. 2014; Thornton et al. 2012). A lack of alignment between narrative frameworks can therefore create communication challenges between partners, who may struggle to find common ground from which to undertake partnership negotiations and management. According to theorising undertaken by Di Domenico et al. (2009, p. 896), periods of tension arising from differences between the goals and logics, ownership, governance and accountabilities of partners are most likely to arise once the partnership is actioned and requires management, such as during the implementation of partnerships.

In order for relationships to continue and develop into more institutionalised arrangements, partners must effectively communicate to reconcile differences, which may involve compromising aspects of their core mission to act according to a set of values that may be different to those guiding their behaviour outside of the partnership context (Di Domenico et al. 2009). Successful compromise and negotiation between partners requires the development of mechanisms that promote effective communication within partnerships. Research has indicated that successful communication between key individuals within the social enterprise and their business partner is one such mechanism that influences the

length and strength of relationships (Meyskens et al. 2010a). This aligns with research into non-profit/business partnerships that found the development of personal relationships between individuals in the partnering organisations are vital to the process of partnership implementation, as these relationships establish a communication flow between partner organisations (Simpson et al. 2011; Walter 2003).

Compromise within SE-BUS partnerships may, however, be affected by the power dynamics that develop between partners. Social enterprises are thought to be dependent upon their business partners for key resources, which can lead to the development of power asymmetries within the relationship that result in the subordination of the social goals of the enterprise in favour of the commercial objectives of the business partner (Battilana & Lee 2014; Herlin 2013; Huybrechts & Nicholls 2013; Nicholls & Huybrechts 2014; Seitanidi & Ryan 2007). However, in light of the paucity of research into the successful management of contrasting logics within unbalanced inter-organisational relationships (Nicholls & Huybrechts 2014), the power dynamics that exist between social enterprises and their business partners are yet to be fully understood.

In conclusion, it has been suggested that differences in social enterprise and business partner logics lead to the application of contradictory approaches to the management of partnerships, which is likely to create dynamics of conflict and power imbalances within such arrangements (Di Domenico et al. 2009). However, the overall lack of research into the actions undertaken during the implementation phase of SE-BUS partnerships means that a limited understanding currently exists regarding the influence of institutional complexity upon the dynamics that exist within these relationships, the degree to which conflict arises between partners, and how the partners interact to develop the relationship over time. Recognising the importance of developing a greater understanding of the processes involved in the implementation of SE-BUS partnership, research sub-question three seeks to develop this knowledge by asking:

*How does the combination of social enterprise and business partner institutional logics affect partnership implementation processes such as the sharing of resources between partners, and the partnership dynamics that emerge?*

Having outlined the literature relating to social enterprise partnership formation decision-making, the literature relating to partnership outcomes will now be presented.

### ***3.7.5 Institutional logics and partnership outcomes***

Cross-sector partnerships have been heralded as a mechanism that enables the generation of both positive organisational and social outcomes (Austin & Seitanidi 2012a; Berger et al. 2006; Bryson et al. 2006; Selsky & Parker 2005; Waddock 1989). Exploration of partnership outcomes is an important research endeavour, as it develops an understanding as to the types of value created for partners, which also helps to better understand the motivations of organisations to partner (Austin 2010). Evaluation of partnership outcomes also forms the basis upon which recommendations can be made for improvements in partnership practice, as well as directions for future partnership research (Brinkerhoff 2002). Furthermore, given the propensity for such configurations to be punctuated by conflict and complexity, it is also necessary to better understand the negative impacts of these relationships upon the partner organisations.

A number of approaches have been applied to the categorisation of partnership outcomes. Some authors have distinguished between measurable or tangible partnership outcomes (Selsky & Parker 2005) and those of an intangible nature, such as development of knowledge and capabilities (Austin & Seitanidi 2012b; Seitanidi 2010). Others have explored partnership outcomes according to their direct and indirect impact upon organisations (Kolk et al. 2010; Selsky & Parker 2005) on the basis of the level of planning and intent (Dorado et al. 2009), as well as whether they arise at the organisational level (or meso level), societal (or macro level) and individual (micro) level (Austin & Seitanidi 2012b; Kolk et al. 2010; Sakarya et al. 2012; Seitanidi 2010). Furthermore, partnership outcomes have also been explored according to more specific categories. For example, in their conceptual model, Clarke and Fuller (2010) identified seven different types of outcomes, including plan-centric, process-centric, partner-centric, outside stakeholder-centric, person-centric and environmental-centric outcomes. In a different approach, Austin and Seitanidi (2012b) proposed that four different types of value can be created in partnership: transferred value, interaction value, associational value and synergistic value.

Within the cross-sector partnership literature, the examination of partnership outcomes for organisations has been undertaken from the perspective of organisations with a dominant primary logic. Limited research exists into how partnership outcomes contribute to the achievement of organisational objectives for hybrid organisations that may balance multiple organisational objectives considered important within different institutional fields. Understanding how partnership outcomes contribute to the achievement of the social and commercial objectives of social enterprise is particularly important, as the way that social enterprises utilise financial and human resources to create value is thought to differ from other types of organisations (Austin et al. 2006). The key aspect differentiating social enterprise from other organisational forms is their ‘profit for purpose’ philosophy, whereby they seek to generate revenue, which is re-distributed internally to support the development of the enterprise. The prohibition against the distribution of profits externally minimises profit maximising behaviour, preventing damaging outcomes for beneficiaries (Galera & Borzaga 2009).

In addition to the distribution of profits, the social benefit logic of these enterprises also has implications for the way they utilise their resources. For example, in times of adverse social and/or economic hardship, social enterprises may intensify the deployment of resources used to support individuals and communities (Austin et al. 2006). Moreover, social enterprises are more likely to utilise their resources for the purposes of cooperation and reciprocity, as opposed to setting up competitive barriers that seek to develop a competitive advantage (Dacin et al. 2010). In terms of the management of their human resources, social enterprises are less able to pay market rate salaries (Austin et al. 2006), instead relying upon their goodwill and social legitimacy to attract and retain employees. Their dedication to maximising social outcomes often means that they are reliant upon volunteers to assist in the delivery of social programs (Austin et al. 2006). With these differences in mind, the following section will review the existing literature on social enterprise partnership in order to consolidate extant knowledge regarding how partnerships may contribute to the fulfilment of social enterprise objectives.

#### 3.7.5.1 Social enterprise partnership outcomes literature

Social enterprise partnerships with businesses combine often contrasting institutional logics, and are therefore more likely to be punctuated by conditions of conflict between the

partners (Huybrechts & Nicholls 2013; Rondinelli & London 2003). The objectives of each partner are guided by the problems and solutions considered relevant and appropriate within their own institutional fields. As such, the pursuit of objectives considered to be legitimate by a social enterprise, may be not be perceived as equally legitimate by their business partner. The different sense-making frames that exist within SE-BUS partnerships may lead to outcomes of conflict, distrust and premature dissolution (Le Ber & Branzei 2011). Furthermore, the power imbalances that may arise in partnership between community organisations and businesses (see Rondinelli & London 2003) may lead to the creation of outcomes that do not fulfil goals to benefit society (Seitanidi 2010).

Despite the propensity for conflict to arise within SE-BUS partnerships, research within the social enterprise partnership literature has typically focused upon the positive organisational and social outcomes generated by social enterprises as a result of engaging in partnership arrangements within both network contexts and dyadic relationships. Partnerships between social enterprises and organisations from other sectors are believed to contribute to the achievement of strategic goals and objectives of the partners involved (Meyskens et al. 2010a). Partnering with a diverse range of partners has been found to foster social enterprise growth and emergence, as well as heterogeneous resource conditions that assist with the development of earned income and social innovation strategies (Meyskens 2010; Meyskens & Carsrud 2013). Partnerships also enable social enterprises to more efficiently acquire and manage resources, enhance enterprise legitimacy (Huybrechts & Nicholls 2013; Meyskens 2010), and can assist in the development of competitive advantage (Meyskens 2010; Meyskens & Carsrud 2013; Meyskens et al. 2010a).

Network-based research has focused upon the value generated for social enterprises as a result of embeddedness within structure of multiple relationships, and has generally explored exchange-based relationships. For example, Meyskens et al. (2010a) studied micro-finance social ventures embedded within a social engagement network. Their research found that involvement in a network facilitated access for social enterprises to economic value (monetary gains in the form of grants, contracts, funding, profits and investments, as well as loans for clients at the client level), and social value (improvement of the standard of living of an individual or community). Furthermore, partnerships between the micro-enterprises and banking corporations specifically were illustrated to



create social value through the provision of grants for individuals, as well as economic value in the form of the development of enterprise capabilities. Inclusion within a network has also been found to facilitate competitive, intellectual and ideological development of fair trade social enterprises (Davies 2009).

Only a small number of studies specifically focus upon the outcomes generated through dyadic partnership arrangements between social enterprises and businesses. In comparison to the network-based literature, the focus of research into dyadic partnerships has been upon collaborative arrangements with an overtly social focus. For example, Sakarya et al. (2012) explore the objectives and outcomes of social alliances between social enterprises and corporations in Turkey. The research found that the alliances and their projects were perceived to be highly successful. Social enterprise participants reported a high level of reach within their social projects, whilst the social transformation impact of their alliances was perceived to be at a medium level. Outcome measurement practices were found to differ between partners. Participant level objectives and operational gains arising from the partnership were reviewed by the business partners, whilst social enterprises were found to measure the social transformative effect of the project.

Few studies have applied a critical approach to the examination of social enterprise partnership outcomes, a trend also apparent within the broader cross-sector partnership literature (Austin & Seitanidi 2012b). Research undertaken by Di Domenico and Haugh (2007) was the first to empirically study negative outcomes for social enterprises. The research found that staff and resource constraints were the most commonly reported negative outcome, followed by financial costs. Difficulties arising from a clash in the ethos/key objectives of the partner organisations and a loss of autonomy were highlighted as disadvantages also, although, to a lesser extent compared to the impact upon enterprise resources. Although this research provides some interesting insight, the findings were based upon the experiences of social enterprises in partnership generally. The data collected was not differentiated according to the type of partner, and as such, it is not known to what degree these negative outcomes are experienced within the specific context of SE-BUS partnerships.

The emergent nature of SE-BUS partnership literature has meant that there is a scarcity of empirical studies that explore the outcomes, both positive and negative, generated by SE-

BUS partnerships (Sakarya et al. 2012), and the manner in which these outcomes contribute to or detract from the achievement of the social and commercial objectives of social enterprises. Discrepancies also exist between the rhetoric of cross-sector partnership success and evidence of their ability to produce positive organisational and societal outcomes (Koschmann et al. 2012). Further research is therefore required that explores the outcomes perceived by social enterprises to be generated as a result of partnering with businesses, as this knowledge will enable scholars, policy-makers and practitioners to better understand this phenomena, and also improve methods to enable the achievement of valued organisational objectives (Meyskens et al. 2010a). Research sub-question four therefore aims to develop insights into this aspect of SE-BUS partnership by asking:

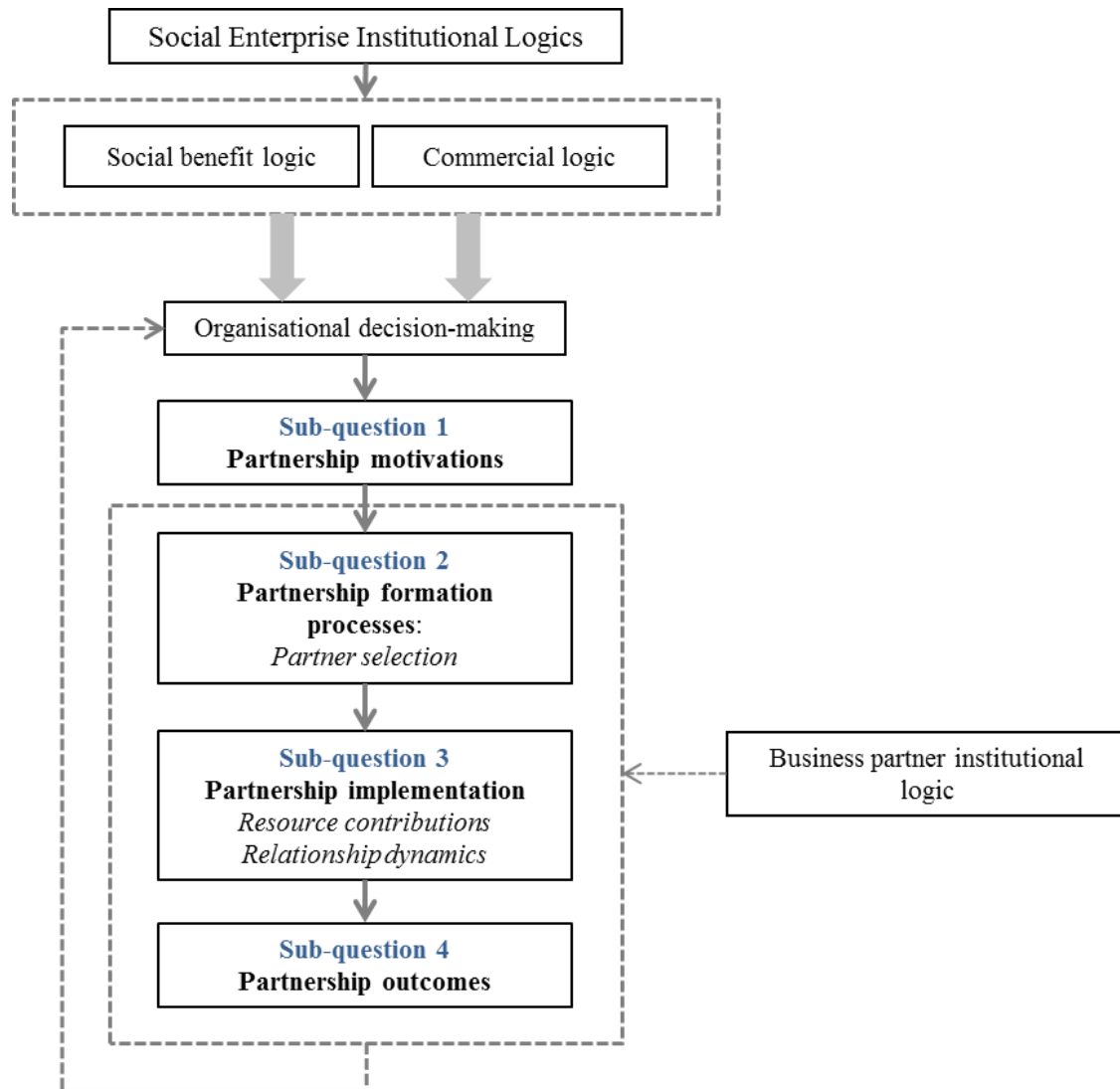
*How does partnering with business organisations enable social enterprises to achieve objectives associated with their social benefit and commercial institutional logics?*

Combined, the four research sub-questions derived from the analysis of the literature will provide holistic insights into the influence of institutional logics within SE-BUS partnerships.

### **3.8 Research framework**

In order to design and develop partnerships that create benefits for both partner organisations and society more widely, it is important to understand the influence of institutional logics upon the way in which social enterprises and profit-oriented businesses act within relationships and the dynamics created between partners of a collaboration (Seitanidi & Crane 2014). The goal of this research, as illustrated by the above research questions, is to achieve this by exploring the role of institutional logics of both social enterprises and their business partners upon the partnership decision-making processes and actions of social enterprises. The relationship between these core concepts is illustrated in the research framework (Figure 1). As shown by the framework, social enterprise decision-making will be explored across a number of different partnership stages, each of which corresponds to a different research sub-question. Exploration of partnerships according to stages will provide comprehensive insight into the influence of institutional logics upon partnership processes and decision-making. This framework will guide the presentation of

research findings in Chapter 5, and discussion of implications and conclusions in Chapters 6.



**Figure 1 - Research framework**

### 3.9 Conclusion

This chapter has reviewed the literature on social enterprise partnerships, exploring the concept of cross-sector partnership and the institutional complexity that is inherent within such arrangements. Literature regarding the impact of institutional complexity upon different partnership stages was presented, as were the research questions guiding this research. Having developed the research questions, the next chapter describes the research design and methods that will be utilised to collect the data required to address the research opportunities identified.

## **Chapter 4 - Research methodology and design**

### **4.1 Chapter objectives**

This chapter explores the research methodology utilised within this research. Section 4.2 identifies the research philosophy guiding the research, discussing the interpretivist perspective adopted and the use of a qualitative inquiry paradigm. Section 4.3 discusses the use of a case study research design, justifying the use of this approach given the research aims identified in Chapter 3. Sections 4.4 and 4.5 describe the processes utilised for the collection and analysis of the research, whilst Section 4.6 discusses strategies utilised by the researcher to enhance the trustworthiness of the research. The chapter concludes with a discussion of how the research conforms to guidelines for ethical research conduct.

### **4.2 Research methodology**

Methodology, as described by Mason (2002), is a research strategy that defines the ontological, epistemological and axiological framework for the research, which informs the method(s) by which data collection will occur. As suggested by this definition, the research method is a component of the methodology, and relates specifically to the manner in which data is collected – the methods of which are justified by the research methodology (Carter & Little 2007). Consistent with the above distinction, this research will consider the research methodology as encompassing all aspects of the research strategy, including the research philosophy and methods of data collection. The following discussion will address each of these methodological components.

#### ***4.2.1 Research philosophy***

A fundamental component within any research methodology is the philosophy according to which the research will be undertaken. Research philosophies or paradigms are sets of shared beliefs or perceptions about the nature of the world that guide the processes through which research is both undertaken and interpreted (Deshpande 1983; Guba & Lincoln

1994). It is important for researchers to be clear regarding their ontological position regarding the nature of ‘truth’ and ‘reality’, as well as their epistemological assumptions regarding the degree to which we are able to comprehend and measure the truth. Clarity is important, as the ontological and epistemological positioning of the researcher will not only shape their perceptions of the world, but also their actions within it (Denzin & Lincoln 2005a).

This research adopts an interpretivist position. This approach is based upon the understanding that reality is constructed by social actors and their perceptions of their world as they interact with it (Orlikowski & Baroudi 1991; Wahyuni 2012). Interpretivist approaches therefore seek to understand the meanings that social actors attach to their lives (Saunders et al. 2009), understandings gained through the study of social constructions such as language, consciousness, shared meanings, documents, tools, and other artefacts (Klein & Myers 1999). As such, interpretivist researchers take the view that the study of people requires the utilisation of strategies that will facilitate the development of insight into the subjective nature of social action (Bryman & Bell 2007, p. 19), those which enable phenomena to be explored within their cultural and contextual situation (Angen 2000; Orlikowski & Baroudi 1991). Interpretive research goals are best achieved through the application of qualitative research strategies, which are often used to explore phenomena and the meanings that people ascribe to them (Denzin & Lincoln 2005a). Furthermore, interpretivist research is well suited to the exploration of ‘how’ questions, consistent with the exploratory approach taken within this research.

#### ***4.2.2 Qualitative research***

The complexity of the topics researched by management scholars requires them to employ an array of data collection methods and analytical techniques, both quantitative and qualitative (Bluhm et al. 2011). These paradigms or approaches are differentiated from one another according to their ontological, epistemological and axiological positions, as well as by their inherent rhetoric, logic, generalisations and causal linkages (Onwuegbuzie & Leech 2007). Each approach has its merits, and researchers must choose which approach, or combination of approaches, is best suited to achieve the aims of the research.

Quantitative methods apply methods from the natural sciences to the study of social phenomena, whereby the aim of the research is to test theories about an external and objective reality (Wahyuni 2012; Bryman & Bell 2011). Such approaches primarily apply postpositive claims for knowledge development, which focus upon cause and effect relationships, the use of measurement and observation, and the testing of theories (Bryman & Bell 2011; Creswell 2003). Data collection strategies used within quantitative research includes experiments, survey, scales and tests, as well as structured instruments that yield statistical data (Merriam 2014, Creswell 2003). A goal of quantitative research is to create statistical findings that may be generalised to a wider population (Merriam 2014).

Whilst quantitative methods can be used to develop greater knowledge about a phenomenon, it was felt by the researcher that their emphasis upon the statistical measurement and analysis of causal relationships and not processes (Bryman 1984; Denzin & Lincoln 2005a) would generate only broad indications of the experiences of social enterprises within their partnership with businesses, and fail to provide deep insights into the decision-making processes undertaken by social enterprise. In order to achieve the aims of this research therefore, an approach was needed that was able to capture insights into social enterprise partnership experiences and decision-making, both highly complex phenomena that change and evolve over time. Given the nascent state of literature into this phenomenon, qualitative research methods were considered to be best suited to embrace this complexity, develop meaning and understanding, and illuminate the multiple facets of social enterprise partnership decision-making, partnership experiences and dynamics.

Grounded within the interpretivist philosophical tradition (Mason 2002), qualitative research enables ‘an interpretive, naturalistic approach to the world’ (Denzin & Lincoln 2005b, p. 3). Qualitative research methods help researchers to gather and understand subjective perspectives and meanings of social actors about their world, supporting the use of research methods that facilitate dialogue between researchers and their research participants (Wahyuni 2012). As outlined in Chapter 1, this research seeks to explore how the combination of social benefit and commercial logics within SE-BUS partnerships influence the manner in which social enterprises establish and manage their relationships so that they achieve the enterprise’s social and commercial organisational objectives.

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The aim of the research, therefore, is to explore *how* the embeddedness within different institutional frameworks affects the actions and decision-making undertaken by social enterprises. The use of qualitative research methods are highly suitable for exploring the SE-BUS partnership phenomenon, enabling the research to develop holistic insights into how social enterprises interpret the logics within their institutional and collaborative contexts (Creswell 1998), and in turn enact them within partnership actions and decision-making. Qualitative methods also allow for insights to develop as to how processes such as partnership decision-making may unfold over time (Bluhm et al. 2011), and facilitates an understanding of how partnership experiences are interpreted by social enterprise. Accessing these interpretations was particularly important in the case of this research, as the intangible nature of organizational partnership means that their exploration is reliant upon exploring and understanding the perceptions and experiences of key decision-makers within the partnership.

The adoption of qualitative research approaches was also appropriate given the emergent nature of social enterprise research. Qualitative research is especially appropriate in situations where knowledge is limited or developing, and theories regarding the relationships between variables have yet to be determined (Creswell 1998). These characteristics are reflected within the social enterprise literature, in which research into the social enterprise partnership phenomenon (especially from the social enterprise perspective) is particularly limited, and a need exists for greater exploration into the decision-making involved within the partnership strategies of social enterprises.

In conclusion, a qualitative approach was the most appropriate for this research given the phenomenon is relatively new, requires investigation within its context and can only be understood using the insight of actors within the organisations studied. The appropriateness is further illustrated by the large number of researchers who use qualitative methods when researching organisational partnerships, particularly within the social enterprise partnership literature (Davies 2009; Huybrechts & Nicholls 2013; Maase & Bossink 2010; Meyskens et al. 2010a; Sakarya et al. 2012; Seanor 2011).

### 4.3 Research design - case study strategy

Interpretive research into highly complex phenomena, such as the experiences, processes and decision-making undertaken within organisational partnerships, requires a research strategy that encompasses multifaceted processes and decision-making, and is able to account for the social, economic and political context in which social enterprises operate. Furthermore, research into social enterprise institutional logics requires the adoption of research methods that will enable the research to explore social enterprises within the context of their embeddedness in multiple institutional frameworks. Table 1 outlines the common qualitative research strategies that may be applied.

***Table 1 – Comparison of qualitative research strategies***

<b>Qualitative strategy</b>	<b>Description</b>
Case study	<ul style="list-style-type: none"> <li>• Case study research is an investigative approach used to thoroughly describe complex phenomena, such as recent events, important issues, or programs, in ways to unearth new and deeper understanding of these phenomena (Lapan et al. 2012, p.243)</li> <li>• Investigates a ‘case’, a particular example or instance from a class of group of events, issues or programs, and how people interact with that phenomenon (Lapan et al. 2012, p.244)</li> <li>• Case study is an in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution or system in a “real-life” context. It is research based, inclusive of different methods and is evidence-led (Simons, 2009, p. 21)</li> </ul>
Phenomenology	<ul style="list-style-type: none"> <li>• Phenomenological research, in which the researcher identifies the "essence" of human experiences concerning a phenomenon, as described by participants in a study (Creswell 2003, p.15).</li> <li>• The approach involves understanding the constructs that people use in everyday life to make sense of their world (Ritchie &amp; Lewis 2003,</li> </ul>



	<p>p.12), often focused upon intense human emotions such as love, anger and betrayal (Merriam 2012, p. 25)</p> <ul style="list-style-type: none"> <li>• Uses ethnomethodology, ethnography and narrative analysis</li> </ul>
Ethnography	<ul style="list-style-type: none"> <li>• Ethnography is the systematic study of an entire cultural group or phenomenon</li> <li>• Is naturalistic – real people are researched doing their everyday activities within their natural environment (Lapan et al. 2012, p.170)</li> <li>• Primarily uses participant observations, may also utilise interviews, focus groups</li> </ul>
Grounded theory	<ul style="list-style-type: none"> <li>• Grounded theory research is inductive, iterative and interactive, involving the constant comparison of data with the aim of theory construction (Creswell 2003, p.14)</li> <li>• Develops emergent theories of social action through the identification of analytical categories and the relationships between them (Lewis &amp; Ritchie 2003, p.12)</li> <li>• Utilises multiple data collection methods including observation, informal conversations and interviews</li> </ul>
Narrative inquiry	<ul style="list-style-type: none"> <li>• A form of inquiry in which the researcher studies the lives of individuals by collecting stories of their lives (Creswell 2003)</li> <li>• Uses first person accounts of experiences told in story form having a beginning, middle and end (Merriam 2014)</li> <li>• Involves active participation of participants (Lapan et al. 2012)</li> <li>• Uses written and oral stories, field notes</li> </ul>

Having reviewed the strategic research options available, the case study strategy was chosen for use within this research. The goals of case study research, being the attainment of a deep understanding of the perceptions of participants regarding their ‘thinking processes, intentions and contextual influences’ (Woodside 2010, p. 1) are aligned with research goals, as well as the interpretivist philosophy underpinning this research.

Case study research is typically defined as:

*‘an empirical inquiry that investigates contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident’ (Yin 2009, p. 18).*

Whilst criticised in the past for lacking rigour (Flyvbjerg 2006; Patton & Appelbaum 2003; Riege 2003) and generalisability (Farquhar 2012), the strengths of case study research as a strategy through which to investigate contemporary phenomena in great depth are increasingly being recognised (Farquhar 2012; Yin 2012). Case study research is most usefully applied in contexts where research is exploratory (Rowley 2002; Saunders et al.

2009), and where existing theory is inadequate (Eisenhardt 1989). One advantage of the case study approach is that it facilitates research in situations in which the boundaries between phenomena and its context are unclear (Yin 2009), particularly common when knowledge about a phenomena and its interaction with different contextual factors is still developing. This is the case within the social enterprise partnerships literature, whereby the interplay between institutional logics and organisational decision-making is underexplored.

The second advantage of case study research is that it involves the focus on a bounded case (Stake 1995), which in this study is the partnership decision-making and experiences of social enterprise. In contrast, other qualitative approaches such as phenomenology, ethnography and narrative analysis strategies examine broader events, stories and or cultural practices. The focus achieved within case study research upon a specific situation, event, program or phenomenon (Merriam 2012) removes the need for the research to focus upon the events, stories and or cultural practices that sit outside of the scope of the specific case. This in turn helps to develop deep insights into specific issues, or processes or activities explored.

Thirdly, in contrast to other qualitative research strategies, case study research enables the exploration of phenomena within its natural context (Baxter & Jack 2008; Farquhar 2012; Yin 2009). This creates understandings as to how behaviour and/or processes are both influenced by, and influence context (Hartley 2004). In the context of this research, use of a case study strategy facilitated the exploration into social enterprise partnership decision-making, generating insights that would not have been possible had the institutional context of the organisations been excluded from the analysis.

Fourth, case study research enables the researcher to explore the sense-making of participants regarding the various components of their partnership actions and decision-making, which includes understanding how they have perceived and solved problems and how they enact their interpretations of their institutional context within their partnerships (Woods & Hecker 2011; Woodside 2010). Whilst other qualitative strategies are based within interpretivist traditions and thus also explore sense-making of participants, case study research explores this sense-making within the context of environment in which it occurs. Doing so therefore accommodates for the dynamic business environment in which

social enterprises operate; an important component of studying and understanding social enterprises and their partnerships with other organisations (Halinen & Tornroos 2005).

Another strength of case study research is that it utilises a combination of data collection methods (Stake 2005; Yin 2009), including interviews, observations and documentary data. The use of multiple data sources has particular benefits for research undertaken within nascent fields of inquiry. Firstly, the use of different data collection methods enables the researcher to capture multiple perspectives, generating both deep and holistic insights about phenomena (Patton 2002). In developing fields of research, this knowledge may be used to support the generation of theory. Secondly, the use of case study approaches may enhance the confirmability of research, whereby multiple perspectives may be used to clarify meaning by identifying the different ways in which the case is being seen, as well as verify the accuracy of an observation or finding (Ritchie & Lewis 2003; Stake 2005). The ability to triangulate data has particular advantages within nascent fields of inquiry, whereby comparison of the data with extant literature may not be possible. The ability to compare data sources may also provide insights into to which types of data collection method is most valuable in attempts to understand a case phenomenon.

Lastly, case study research is adaptable to the level of theoretical development that surrounds a phenomenon. For example, case studies, along with grounded theory approaches, can be used to develop theories from the data (Eisenhardt 1989). In the context of this study however, the nascency of literature on social enterprise partnership decision-making has led to the development of an exploratory research approach, designed to develop new insights, which may facilitate future development and testing of theory in this space.

Case study approaches are a commonly utilised strategy within the social enterprise literature. For example, case study approaches have been used to explore the objectives, inputs and outcomes of partnership (Sakayra et al. 2012), as well as the role of legitimacy within social enterprise-business collaborations (Huybrechts & Nicholls 2013). In addition, case study research approaches have also supported the exploration of how power asymmetries are mediated in relationships involving partners guided by different institutional logics (Nicholls & Huybrechts 2014).

The adoption of a qualitative case study approach in this research also aligns with the dominant methodological traditions that exist within institutional logics research. Within the institutional logics literature, a comparative case study approach has been used to explore how organisations respond to competing institutional logics in order to maintain organisational sustainability (Battiliana & Dorado 2010; Garrow 2013; Pache & Santos 2011, Pache & Santos 2013; Teasedale 2011). In addition, a single case study approach has been used to explore how the combination of contradictory logics may lead to the development of new organisational forms (Tracey, Phillips & Jarvis 2011), and how group dynamics may moderate responses to conflicting institutional logics (Bjerregaard & Jonasson 2013). Furthermore, single case analysis has also been used to explore and how institutional logics may affect the power asymmetries in partnership (Nicholls & Huybrechts 2014), as well as how institutional logics impact upon the legitimacy of partners within a collaboration (Huybrechts & Nicholls 2013).

In summary, the adoption of a case study strategy is advantageous in this study, and is consistent with the aims and philosophical assumptions of the research. In addition to this, use of the case study strategy aligns with the methodological traditions that exist within the institutional logics literature, whereby case studies have been adopted as the means through which to enable interpretative and explanatory insights, whilst focusing upon process rather than causal relationships (Nicholls & Huybrechts 2014). The next section will outline the type of case study approach chosen in this study.

#### ***4.3.1 Choice of case study ‘type’***

In his writings on case study research, Stake (1995) describes three different types of case study that may be adopted by researchers – intrinsic, instrumental and collective. Within intrinsic case studies, the case itself is the focus of inquiry, and the aim is to develop a comprehensive understanding of that particular case. This type of case is most common within single case study designs, where the phenomena represents a critical or unique case (Saunders et al. 2009). In contrast, instrumental case studies use the case to support the understanding of something beyond the case (Stake 2005), whereby the insight into an issue is supported by the development of understanding regarding a case (Baxter & Jack 2008). Lastly, collective case studies are utilised when researchers seek to develop thick

and holistic description of a phenomena, achieved by developing and comparing insights across a number of cases (Shkedi 2005; Stake 1995).

A collective case study design was adopted in this research. Also referred to as multiple case studies, collective case studies are undertaken in order to understand a phenomenon, and may be considered to be an extended instrumental case study (Stake 2005). As argued by Stake (2006), complex phenomena can only be understood by researching them across a number of locations. Given the complexity of the SE-BUS partnership phenomenon, a collective case study design was optimal, as it facilitated the investigation of a number of different dyadic partnership arrangements. This in turn provided the ability to compare and contrast the decision-making and actions of participants within different social enterprises, thus expanding the insight gained into the influence of institutional frameworks upon SE-BUS partnership actions and decision-making. This approach was particularly appropriate given the emergent nature of the literature and the limited understanding of SE-BUS partnerships.

#### ***4.3.2 Selection of cases***

In case study research, cases are chosen according to their ability to provide information-richness and diversity across contexts (Patton 2002; Stake 2005), and not according to their ability to provide statistical generalisation (Eisenhardt 1989; Yin 2009). As a result, ‘random selection of cases in qualitative case study research is neither necessary, nor even preferable’ (Eisenhardt 1989, p. 537). Instead, cases were purposively chosen according to their ability to illuminate and extend theoretical relationships between constructs (Eisenhardt & Graebner 2007), the goal being to develop comprehensive insights into the specific phenomena studied by collecting data across a number of cases (Farquhar 2012).

The cases for inclusion in this study were selected according to a number of criteria. The first criteria required the social enterprises chosen to operate within the education and training industry. Studies undertaken into the Australian social enterprise sector have found the largest proportion (approximately forty-one per cent) operate within the education and training industry (see Barraket & Collyer 2010; Eversole & Eastley 2011). It was felt, therefore, that selection of cases from within the same industry setting would facilitate the generation of results that were both relevant and applicable to a large

proportion of social enterprises. Furthermore, confinement of case selection to Australian social enterprises led to the exploration of partnership decision-making within a comparable institutional context, thus reducing the complexity of studying social enterprises that would arise from inclusion of social enterprises from contrasting country and institutional environments. Possible cases were identified by using the Social Traders Social Enterprise Finder, a database developed by Social Traders that listed over 5,000 organisations from around Australia which had self-identified as a social enterprise. Use of the database enabled the researcher to limit the search of enterprises to the education and training industry. As this database was not a fully verified list of social enterprises in Australia, the researcher reviewed website information available of possible enterprise participants to determine if their activities fulfilled the definitional components identified within the FASES definition of social enterprise. Potential cases were therefore evaluated according to their level of trading activity as identified by website information and other desktop data, the social mission expressed and associated social benefit programs offered to beneficiaries, and the manner and level of reinvestment of profits back into the organisation (indicated mostly by non-profit legal status). The evaluation of these components is consistent with the operational definition adopted in this research (see 2.3.5).

As highlighted in Section 2.4.4, a number of organisational variables exist that may affect organisational decision-making. Within a social enterprise context, examination of how these factors impact upon social enterprise decision-making is not well understood. Instead, the social enterprise literature has focused on the influence of institutional complexity within enterprise decision-making. This focus is also reflected in this research, which therefore required the selection of social enterprises that demonstrated conditions of complexity within their operations. According to Greenwood et al. (2011), organisations with high levels of embeddedness between their social benefit goals and commercial activities are more likely to experience conditions of complexity, as the interdependence between their social and commercial missions reduces the ability to ‘compartmentalise’ these different identities. In order to determine the level of embeddedness of the Australian education and training social enterprises reviewed identified from the social traders database, a review of website information was undertaken. Social enterprises were evaluated according to the degree of embeddedness between social programs and trading activities, or the degree to which the enterprises trading activity enabled the fulfilment of

the social enterprises mission (criteria two in the FASES definition). Enterprises were selected out if insufficient information was provided about the interconnectedness between the social mission and trading activities. If a level of embeddedness was evident, then the enterprise was evaluated according to case selection criteria number three.

The third case selection criteria applied within this study required that potential cases were engaged in partnership with a profit-oriented business. As the aim of this research was to explore the partnership experiences and decision-making of social enterprises within their partnerships with for-profit businesses, selection of enterprises engaged within partnership with business organisations ensured that the ‘object of study’ was captured. Websites were again evaluated to assess the extent of partnership activity, whereby information was sought to determine if the social enterprise was engaged in partnership with business organisations, and if so, what these partnerships involved. In addition to website information, internet based information was also reviewed for reference to the social enterprise’s engagement with businesses. Social enterprises that did not illustrate such engagement were assumed to lack a partnership strategy, and therefore not invited to participate.

Cases were chosen according convenience. Once an enterprise was approved according to the above selection criteria, the researcher contacted the CEO to extend the invitation to participate in the research. Research information including the information sheet, interview questions and consent forms were emailed to the enterprise, and the researcher then followed up by phone one week later. Once participation was confirmed, the selection process concluded.

#### ***4.3.3 Number of cases***

A total of six social enterprises were chosen to participate in this research. The data gathered from these cases was considered to be sufficient to provide deep understanding into the role of different institutional logics upon social enterprise partnership actions and decision-making. Furthermore, the number selected is consistent with recommendations made by Eisenhardt (1989) and Stake (1978) as to the ideal number of cases that should be studied in order to maximise the benefits gained. According to these authors, if fewer than four cases are chosen, the researcher may experience challenges in creating an empirical

grounding that is convincing (Eisenhardt 1989). Conversely, if more than ten cases are studied, the researcher may then become overwhelmed by the complexity and volume of the data (Stake 2005). In addition to conforming to a range considered to be 'ideal', the selection of six cases was a number that was manageable in terms of accessibility and data analysis.

The six participating cases were asked to identify a business partnership considered to be important to the achievement of the social and commercial goals of the enterprise. It was assumed that these partnerships would have had a great deal of energy and time invested in their development and would therefore provide the best indication of the partnership strategies undertaken by the social enterprise. Selection of social enterprises on this basis therefore maximised the learnings generated in relation to social enterprise partnership decision-making.

A summary of each of the cases is presented in Table 2.



**Table 2 - Summary of participating social enterprises**

Case	Core social purpose	Key beneficiaries	Enterprise age at time of interview	Industry of social enterprise	Industry of key partner	Partnership length	Structure of partnership
A	To offer meaningful employment opportunities to individuals living with a disability	Disabled individuals	44 years	Education and Training	Environmental services	10-15 years	Formalised contract
B	Assisting youths aged 14-25 to find pathways towards a positive future through engagement, learning and development	Excluded youth	7 years	Education and Training	Construction	2 years	Informal agreement
C	To provide ongoing employment for individuals with a disability, and to support their integration within the community	Disabled individuals	49 years	Education and Training	Confectionary	10 years	Informal
D	To support young people from a refugee background to face and overcome barriers to employment and education	Refugee youth	5 years	Education and Training	Finance	1 year	Formal grant agreement
E	To provide social support to homeless and disadvantaged youth and assist them to find long-term employment	Homeless youth	5 years	Education and Training	Property	2 years	Casual commercial lease agreement
F	To encourage young people, through the use of short film, to engage in meaningful thought and dialogue about personal and social issues	School level youth	3 years	Education and Training	Film production	3 years	Informal/ friendship

#### 4.3.3.1 Case A

Established in 1971, Case A is one of six Australian disability social enterprises (ADEs) operated by their parent non-government organisation (NGO) in Tasmania, Australia. Legally structured as a company limited by guarantee, the NGO is incorporated under the *Corporations Act of 2001*, and is governed by an 8-person Board of Directors. The overarching mission of the NGO is to support individuals living with disability through the

provision of lifestyle services in the areas of respite, residential support, training and development as well as community services. The delivery of these services are supported by the operation of six different social enterprises which produce a wide range of products/services such as mail sorting, production of wooden flooring, and the cultivation and sale of fruit trees. These social enterprises provide supported employment opportunities to individuals living with a disability. Combined, they generate approximately sixty-five per cent of the total revenue of the NGO, the surplus of which is reinvested into the organisation to ensure the sustainability of its operations, as well as to support new initiatives developed within the Tasmanian community.

Case A specialises in paper recycling and document destruction, the production of potting mix, and the decanting, storage and packaging of solvents. Based in southern Tasmania, the social enterprise employs a team of 40 employees with disability and eight supervisors, who work together to process approximately 1,300 tonnes of recycled paper each year, and mix, pack and distribute over 120,000 bags of potting mix annually. It is through these revenue generating activities that the enterprise is able to achieve its social mission, which is to provide meaningful employment to persons with a disability. As such, the social and commercial missions of the enterprise are simultaneously achieved through their commercial activities, with revenue generated reinvested back into the enterprise. Employees are provided with both in-house and accredited training that is delivered by the enterprise, which is a registered training organisation (RTO). The business has a wide range of clients, including a number of hardware stores, a variety of nurseries, government departments as well as general households. Having been operating for many years, the enterprise has reached a point of maturity within its operation, evidenced by its achievement of financial and social sustainability, and an organisational development perspective that is focused upon long-term strategy (Burkitt 2010).

The SE-BUS partnership discussed by Case A is with a well-known international corporation specialising in water, waste management and energy services. Within the relationship, Case-A provides paper sorting and shredding services for their partner, using specialised machinery provided by their partner for this purpose. At the time of data collection, the partnership had been successfully operating for approximately 10-15 years. Prior to this, the partners were engaged via a sub-contract agreement, which had then evolved into a direct relationship between the organisations. At the time of interviews, the

partners were discussing future partnership opportunities, some of which involved growth into the north of Tasmania.

#### 4.3.3.2 Case B

Case B is a youth-based education and training social enterprise which is based in Hobart, Tasmania. The enterprise was formed as a result of collaboration between a number of local neighbourhood houses, and Southern Training Employment Placement Solutions (STEPS). Established in 2007, the enterprise operates as a non-profit incorporated association and is governed by a board of seven individuals. The social mission of the enterprise is to work with youth aged between 15-25 years who are at risk of experiencing education disengagement, long-term unemployment and criminal behaviour. The goal of the enterprise is to empower the youth they work with by providing them with access to a range of programs that provide the opportunity for on-the-job training and the development of practical workplace skills, as well as supporting the development of entrepreneurial skills and personal development. The enterprise also aims to facilitate the transition of the youth enrolled in their programs into long-term, paid employment.

Whilst the enterprise has been in operation for a number of years, it is still working to develop and incorporate a model of revenue generation that is both substantial, and sustainable. The challenges described by the participant interviewed in this case indicate that the enterprise is operating within the start-up stages of the organisational lifecycle, whereby the enterprise is still building up a base of infrastructure and equipment and learning how to jointly run a business whilst pursuing social objectives (Burkitt 2010). In the initial stages of the enterprises operation, the enterprise was able to sell wine produced in partnership with a local vineyard. After the conclusion of that partnership, the enterprise established a wood workshop within their head office, which became a training space for the enterprise's students to learn woodworking skills. The items created by the students such as wooden boards and bird houses were then sold by the enterprise and the proceeds reinvested. The most recent revenue generation program operated by the enterprise is the acquisition of houses for renovation by students of the enterprise as a component of their accreditation and training programs. Once renovated, the houses are to be sold with the profits to be reinvested within the enterprise. Operating according to an embedded model, the revenue generation activities of the enterprise provide the opportunity for the students

of the enterprise to learn practical work skills, and work towards qualifications that will enhance their employment opportunities.

The partnership discussed with the participant from Case B was with a large construction company that operates Australia-wide. The partnership had been in operation for a period of approximately two years, and is based upon the informal contribution of goods and services. Philanthropic in nature, the relationship has supported Case B through providing discounted services to transport a house that the enterprise is renovating ready for eventual sale. The business partner has also provided the enterprise with building materials without charge, and has provided workplace orientation opportunities for the enterprise's students. In return for this support, the enterprise has supported the CSR profile of their partner through public recognition of their support.

#### 4.3.3.3 Case C

Case C is an Australian Disability Enterprise (ADE) that operates a commercial printing and mail-out business in Hobart, Tasmania. Prior to the enterprise's establishment in 1965, it had operated as an association that was initially established with the purpose of helping persons living with disability to connect with one another socially. Frustrated at the continual exclusion of individuals with disabilities from the workforce, a committee was formed to establish a commercial business that would employ disabled persons, and in doing so, enable them to connect and contribute to society. In 1965, Case C commenced operation as a business specialising in timber joinery and photocopying services. Since establishment, Case C has evolved into a commercial printing and mail-out business that provides clients with a range of services including the printing and design of newsletters, business cards, invoice books and magazines. The enterprise also processes mail-out needs of clients, including the binding, collation, folding and packaging of printed items which are then mailed through Australia Post. The enterprise has also diversified into the production of handmade paper, produced with recycled paper to create an eco-friendly product. Structured as an independent non-profit enterprise, Case C employs 33 people, 26 of whom have some form of disability. The enterprise is in the maturity phase of development, having achieved both financial and social sustainability, and illustrating a focus upon longer-term objectives for enterprise development (Burkitt 2010).

The partnership discussed by the enterprise is one that has developed with the Tasmanian branch of a well-known Australian confectionary company. The partnership has involved the ongoing engagement of the enterprise to service the printing needs of their business partner. This partnership has been in operation for approximately 15 years, having changed in nature over this time. Whilst based on the exchange of goods and services between partners, a formalised arrangement does not currently exist between partners, with the relationship dependent upon the frequent communication between individuals within the partner organisations. Most recently, the dynamics of the relationship have been affected by the acquisition of their business partner by a global food manufacturing company, with the future of the relationship perceived by the enterprise to be uncertain.

#### 4.3.3.4 Case D

Case D is a Melbourne-based social enterprise that empowers refugee youth by providing opportunities for training and employment in the areas of clothing design and production and retail and hospitality. Established in 2009, the enterprise is committed to helping their beneficiaries to overcome social barriers of unemployment, isolation and difficulties in accessing education and training. Individuals are empowered through access to certificate level training, employment with the enterprise, as well as other support services such as counselling, tutoring and driver training, and are supported with legal advice, housing and medical assistance. The enterprise operates a commercial design and manufacturing studio in which their beneficiaries study and work. The fashion label developed by the enterprise is known for the creation of unique pieces of clothing, the design of which is inspired and influenced by the life experiences and background of their students and staff, and which are created from reclaimed material and garments from the fashion industry. The enterprise also operates a café, which is another source of employment and work experience for their students, but also a space in which community connections and relationships are developed.

The enterprise is currently progressing through a growth stage, characterised by Burkitt (2010) as involving relatively stable cash flow and diversification of product and service offerings. In addition, the enterprise has also made decisions regarding the scaling of the enterprise, which has purposefully been restricted so as to ensure that the enterprise does not ‘grow beyond its people’ (D1).

The partnership discussed by the participant from Case D is a formal grant-based agreement between the enterprise and the foundation of a large business. Due to some negative outcomes that were experienced within the relationship and discussed within the interview, details about the partner were not formally identified by the participant. The relationship operated for one year, as determined by the grant agreement, after which time the organisations parted ways and have not maintained contact. During this time, the partner provided financial support to the enterprise in return for the inclusion of the enterprise and their beneficiaries within a marketing campaign of the business partner designed to contribute to the CSR profile of the business.

#### 4.3.3.5 Case E

Case E is a Melbourne-based social enterprise that works with homeless youths between the ages of 16 and 25, empowering them through providing employment training and work experience opportunities, whilst providing case management support to help them the overcome the issues that have contributed to their homelessness. The enterprise operates a number of cafés and a coffee roasting business, the revenue from which is reinvested back into the enterprise to support the delivery of its social programs, and enterprise growth. Beneficiaries are given the opportunity to undertake work experience placements within the cafés run by the enterprise, contributing to their attainment of Certificate I in Vocational Preparation (hospitality focus) and/or Certificate II in Hospitality.

Established in 2009 by the CEO and partner, Case E is a non-profit organisation governed by a board of six individuals. The idea for the enterprise is based on a similar model of enterprise from Vietnam, for which the enterprise CEO has previously worked. The social goals of the enterprise are met through the inclusion of beneficiaries as work experience students within the cafés run by the enterprise. The enterprise is currently operating within the growth stages of development (Burkitt 2010), characterised by the expansion of activities, as well as the development of governance frameworks and decisions regarding the scale and scope of the enterprises activities.

The partnership explored within the interview with participants from Case E is with one of Australia's largest diversified listed property groups, which has assets within the retail, office, logistics and business park sectors. Case E operates one of their café businesses

within the complex owned by their partner, who supports the enterprise by charging a discounted rent, and absorbing the costs of site renovations undertaken. The relationship has been in operation for approximately two years, during which time it was structured as a casual month-by-month lease agreement. At the beginning of 2013, the relationship became more formalised, and a five-year lease arrangement has been signed between the partners. Both Case E and their business partner advertise their successful relationship within their organisations and externally to the wider community.

#### 4.3.3.6 Case F

Case F is a micro social enterprise based in Melbourne. The idea for the enterprise was developed in 2006, and was established in 2011 after securing funding as an outcome of participation in Social Traders 'The Crunch' program – a program designed to help social entrepreneurs to develop, refine and establish a social enterprise. The fundamental goal of the enterprise is to encourage students to see the world differently by promoting understanding and respect through the medium of short film. The enterprise collects films from independent film makers around the world, which are then compiled into a film library that the enterprise sells to secondary schools in the form of a membership/subscription that also involves the provision of teaching resources and materials to help achieve maximum impact. The profits generated are reinvested into the enterprise, which provides royalties to the film makers in recognition of their contribution. The enterprise is currently structured as a company limited by guarantee and is governed by a board of four members (including the founder/CEO). Having been in operation for a short period of time, the enterprise is currently progressing through the start-up phase of development. This is illustrated by the fact that the enterprise is still establishing processes, has yet to achieve stability in relation to cash flow, and is still developing a sustainable client base from which to support the ongoing operations of the enterprise (Burkitt 2010).

The partnership identified is between the enterprise and a small video production company in Melbourne. The CEO of the business and the founder of Case F are friends and also had an employer/employee type relationship. Since establishing the enterprise, the founder has worked for their business partner on both a full-time and part-time basis, and is currently employed part-time. The enterprise is located within the premises of the business partner, paying rent to the business as well as fees for the use of the business's media equipment.

## **4.4 Data collection within case study research**

Case studies are able to accommodate an extensive range of data collection methods. Potential data sources include (but not limited to) interviews, archival data, survey data, ethnographies, observations and physical artefacts (Baxter & Jack 2008; Eisenhardt & Graebner 2007; Yin 2009). The combination of multiple sources of data within case study research is advantageous, as it enables the exploration of phenomena through a variety of ‘lenses’ which helps the researcher to triangulate the data to reveal and understand the multiple facets of the phenomena studied (Baxter & Jack 2008). The concept of triangulation is important within case study research, and the use of different perspectives to explore a phenomena provides ‘robust foundations for the findings and supports arguments for its contribution to knowledge’ (Farquhar 2012, p. 7). Within this research, data triangulation was achieved through the inclusion of interviews with multiple participants within each social enterprise studied, as well as through the analysis of enterprise related documentation.

### ***4.4.1 Interviews***

The utilisation of qualitative research interviews is aligned with the interpretivist philosophy underpinning this research. The purpose of qualitative research interviews is to yield insights from people regarding their experiences, opinions, feelings and knowledge (Patton 2002), and thus they are an effective method through which to gather rich, empirical data about a phenomenon (Eisenhardt & Graebner 2007). According to Keats (2000), interviewing is a particularly efficient means of collecting data when the research design involves an analysis of people’s motivations and opinions. Indeed, the use of subjective measures such as interviews are considered to be effective in capturing perceptions that underlie decision-making processes within inter-firm partnerships (Austin 2000; Clarke & Fuller 2010; Davies 2009; Sakarya et al. 2012; Seitanidi & Crane 2009), as was the case in the present study.

When undertaking qualitative research, participants should be chosen according to their level of knowledge about the issues being explored, as well as their willingness to share this knowledge (Kumar et al. 1993). As such, the participants initially selected for interviews were the key partnership decision-makers (CEOs or managing directors) within



each social enterprise. As key decision-makers, these individuals were considered most likely to have been involved within the process of establishing and maintaining partnerships, and would therefore be able to provide the required insight into the decision-making undertaken by their social enterprise in relation to their collaborations with businesses. Furthermore, as individuals holding positions of power within their enterprises, these participants were likely to have played a critical role in determining and managing enterprise's responses to their multiple institutional logics (Greenwood et al. 2011; Thornton & Ocasio 2008).

A snowball sampling strategy was utilised within this research, which involved the gathering of research participants through the identification of an initial participant who was qualified to identify the names of other appropriate actors (Atkinson & Flint 2004; Farquhar 2012). In this study, key decision-makers were asked to provide the names of other individuals within the enterprise who were also directly involved in the management of the partnership and ongoing communication with the business partner identified (normally divisional or program managers). Additional team members were sought due to the possibility that they would contribute complementary insights into the partnerships studied, adding richness to the data (Eisenhardt & Graebner 2007). Furthermore, sourcing multiple perspectives enhances the depth of information and insight into the partnership experiences and decision-making, whilst also minimising key informant bias arising from utilising the views of CEOs or managing directors only (Kumar et al. 1993). It should be noted, however, that despite the goal to interview numerous participants within each case, for Cases B and D, it was only possible to gain access to one participant. In Case B, attempts to access additional organisational members for interview were unsuccessful, whilst the CEO in Case D explained that due to 'researcher fatigue', other organisational members did not wish to be interviewed. A total of 10 interviews were undertaken between August 2012 and May 2013. The length of interview varied between 40 mins to 2 hours.

A semi-structured interview format was adopted in this study, enabling the researcher to balance both structure and flexibility, and to adapt to new material and/or theory (Farquhar 2012). The semi-structured nature of the interview format ensured that interactions remained focused upon broad concepts of research interest, however also allowed for individual perspectives and experiences to emerge (Patton 2002). Furthermore, the approach enabled the researcher to probe responses for more information or clarification of

a response (Bryman 2004), actions thought to enhance the validity of the data (Barriball & While 1994).

To ensure that each interview was structured according to the key research themes identified within the literature review of social enterprise partnerships, an interview schedule was developed. The use of a schedule is recommended within qualitative research, as it helps enhance the consistency of the interviewing process and facilitate cross-case comparability (Yin 2009). The schedule (see Appendix E) included a range of questions to be asked by the interviewer about past, current and future partnership decision-making, and also included probe questions that were asked so as to ensure deep exploration of each concept. As recommended by Farquhar (2012), the questions were structured logically and all attempts were made to use language familiar to participants. The questions were designed to be open-ended so as to elicit as much rich detail as possible about partnership strategies and outcomes. Questions were developed according to the research questions outlined in Chapters 1 and 3.

To increase the dependability of the research, the interview schedule was provided to participants via email prior to being interviewed. Doing so enabled them to consider the questions outside of the interview context (Bryman & Bell 2007) and also gather any supporting documentary data that was to be shared with the researcher. Each interview was digitally recorded, and then transcribed verbatim by the researcher. Following the interviews, reflective notes were recorded by the researcher in a research diary. A copy of the transcript was forwarded to participants for validation prior to use within the research, enhancing both the validity of individual accounts and the credibility and transparency of the research (Bryman & Bell 2007). A breakdown of the different participants interviewed within each case is provided in Table 3.

***Table 3 - Participants interviewed***

Case	Position
Case A	A1: CEO A2: Divisional Manager A3: Former CEO
Case B	B1: Operations Manager
Case C	C1: Business Manager C2: Sales Manager (primary contact for partner)
Case D	D1: Founder/CEO
Case E	E1: General Manager of Operations E2: CEO
Case F	F1: Founder/Managing Director F2: Board member

#### ***4.4.2 Documentary data***

As identified previously, case study researchers aim to incorporate a number of different data sources within their research, as doing so promotes an in-depth understanding of the phenomenon in question (Denzin & Lincoln 2005a). Each piece of data contributes to the research ‘puzzle’, and the convergence that occurs adds strength to the findings as the different strands of the data are braided together to achieve a deep understanding of the case (Baxter & Jack 2008, p. 554). Within this research, the insights of participants were complemented through the collection and analysis of secondary sources such as annual reports, website material and confidential partnership documentation.

##### **4.4.2.1 Annual reports**

The analysis of annual reports is particularly useful in business research as they help to develop a description and history of the organisation studied (Hussey & Hussey 1997). Within this research project, annual reports were collected for each enterprise studied for at least the three years prior to the research. Whilst it was acknowledged that these reports may contain bias (Farquhar 2012), their inclusion was nevertheless useful in helping the researcher to develop an understanding of the history and evolution of the enterprise, as

well as to determine how the logics of the enterprise are conceptualised and communicated within external communication.

#### 4.4.2.2 Website information

Documentary data were also collected from the websites of the social enterprises studied. Website data provided insights into the types of organisations within the enterprise's partnerships networks, the degree of recognition provided by social enterprises of the support achieved from their partners. In order to record the data from the enterprises analysed, page content was printed and stored within the case study database.

#### 4.4.2.3 Partnership documentation

In order to gain further insights into the partnerships studied, internal documentation relating to the partnerships was collected. The collection of such documentation was sought within all cases, however, only Case E was willing and able to provide such documents. The documentation provided included a matrix that outlined different decision-making steps undertaken by enterprise management when considering partnership opportunities that arose.

### **4.5 Data analysis**

Qualitative data analysis involves reviewing, synthesising and interpreting data to describe and explain the phenomena in a way that generates new meaning (Fossey et al. 2002; Stake 2006). A complex process, data analysis requires 'moving back and forth between concrete bits of data and abstract concepts, between inductive and deductive reasoning, between description and interpretation' (Merriam 2014, p. 176). Analysis of data is best guided by an analytic strategy (Yin 2009), which typically involves a process of data reduction, data display and analysis, and conclusion drawing and/or verification (Miles & Huberman 1994). To assist with the analysis of the large quantity of data collected in this research, the qualitative data software package QSR NVivo 10 was used to store and analyse both interview and documentary data. This software was chosen due to its features such as its ability to code a variety of data sources, easeability of coding, and the ability to create matrices and diagrams from the data. The utilisation of computer assisted analysis

software has many methodological advantages for qualitative researchers. Programs such as NVivo allow for the logical and systematic approach to the organisation and analysis of data, without constraining the often emergent and iterative nature of the process (Cassell & Symon 2012). This enables researchers to avoid the confusion that may arise from the manual cutting and pasting of hardcopy data, or from sorting through numerous assortments of highlighted text. The ability to record the source and collection characteristics (such as time and date) when using computer assisted analysis allowed the researcher to establish a chain of evidence which clearly detailed the tasks undertaken in the analysis and interpretation of the data (Wickham & Woods 2005; Yin 2009). As a result, the use of computer assisted qualitative data analysis software (CAQDAS) was able to help improve the rigour of qualitative research (Onwuegbuzie & Leech 2007), thus enhancing its credibility and trustworthiness (Cassell & Symon 2012).

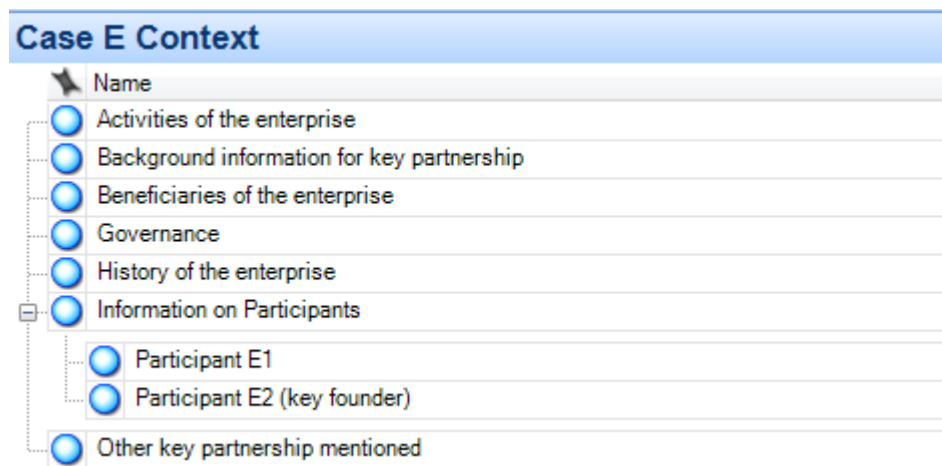
#### ***4.5.1 Stage 1 - Within-case analysis***

As stated by Patton (2002, p. 448), when analysing case data, the first and foremost responsibility of a researcher is to do justice to each individual case. As such, the first stage of analysis undertaken by the researcher was within-case analysis, which involved the thorough analysis of interview and documentary data for each individual case. The purpose of this analysis was to gain comprehensive insight into each individual social enterprise, to learn about the operational context of the enterprises, and the variables that may have had an impact upon their activities and decision-making (Merriam 2014). As suggested by Eisenhardt and Graebner (2007, p. 540), the goal of this process was to become ‘intimately familiar with each case as a standalone entity’, as this would then allow the ‘unique patterns of each case to emerge’ prior to engagement in pattern matching across cases. Case data for each enterprise were imported into NVivo as separate cases labelled A through to F. Data for each case were imported as separate internal documents within each case.

Using NVivo, data collected were segmented into meaningful chunks through a process of coding. Coding facilitates the meaningful management and interpretation of data (Cassell & Symon 2004; Gibbs 2007) by allowing the researcher to organise and group similarly coded data into categories that share similar characteristics (Saldana 2012). This was

achieved by highlighting segments of text from participant transcripts, and moving them into folders or ‘nodes’ representing thematic categories.

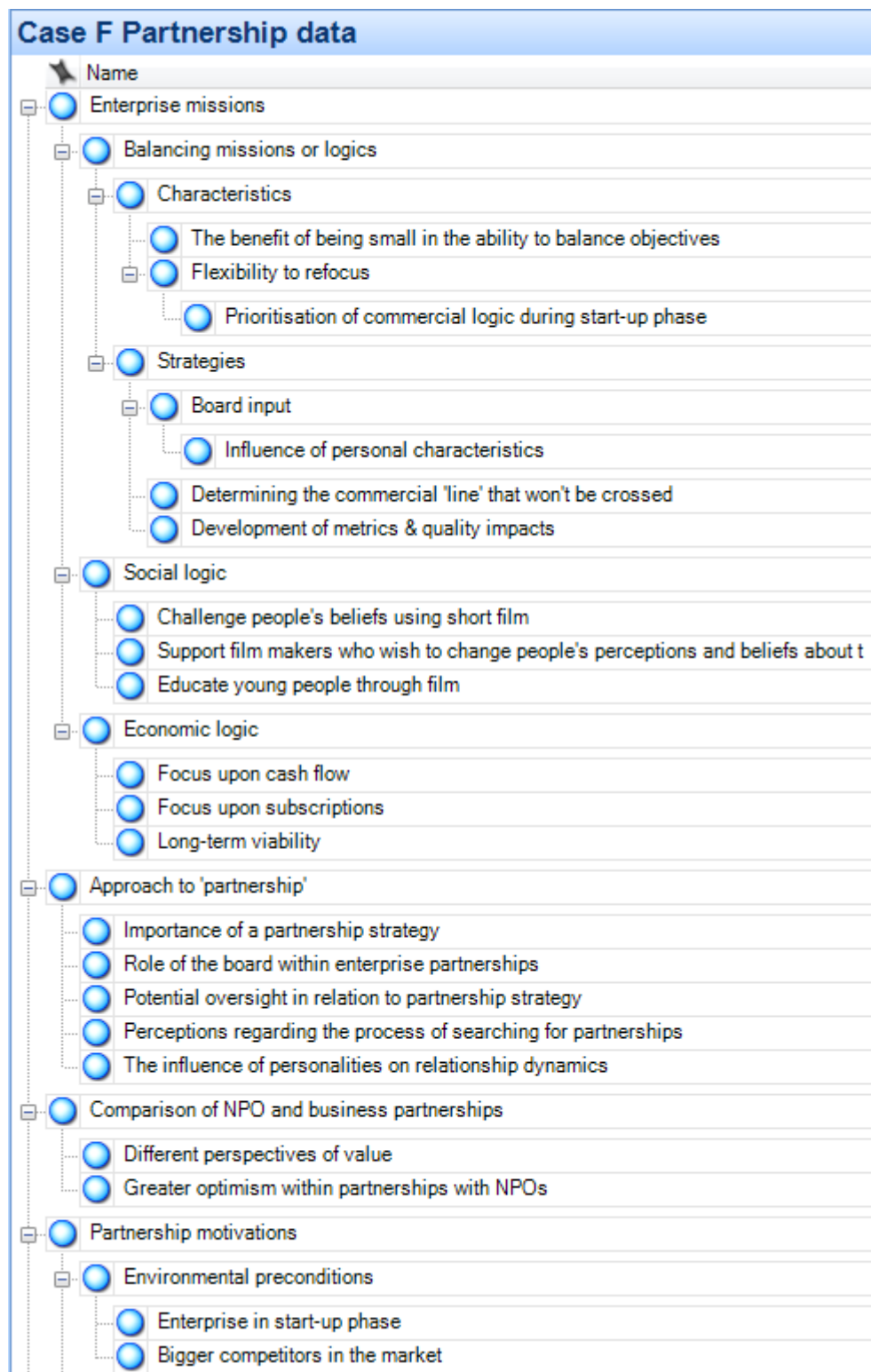
During the first phase of coding, data were inductively coded using broad-brush coding (Bazeley 2007) into broad topic areas. This occurred in three phases. The first phase involved coding of the contextual information about the enterprise, the interview participants, and key details about the partnership studied. This data was coded into both free nodes and tree-nodes within a node folder entitled *Case Context*. As a result of this analysis, case descriptions were generated for each case providing insight into the context of the enterprise and their key partnership identified. An example of the coding hierarchy for case context is detailed below.

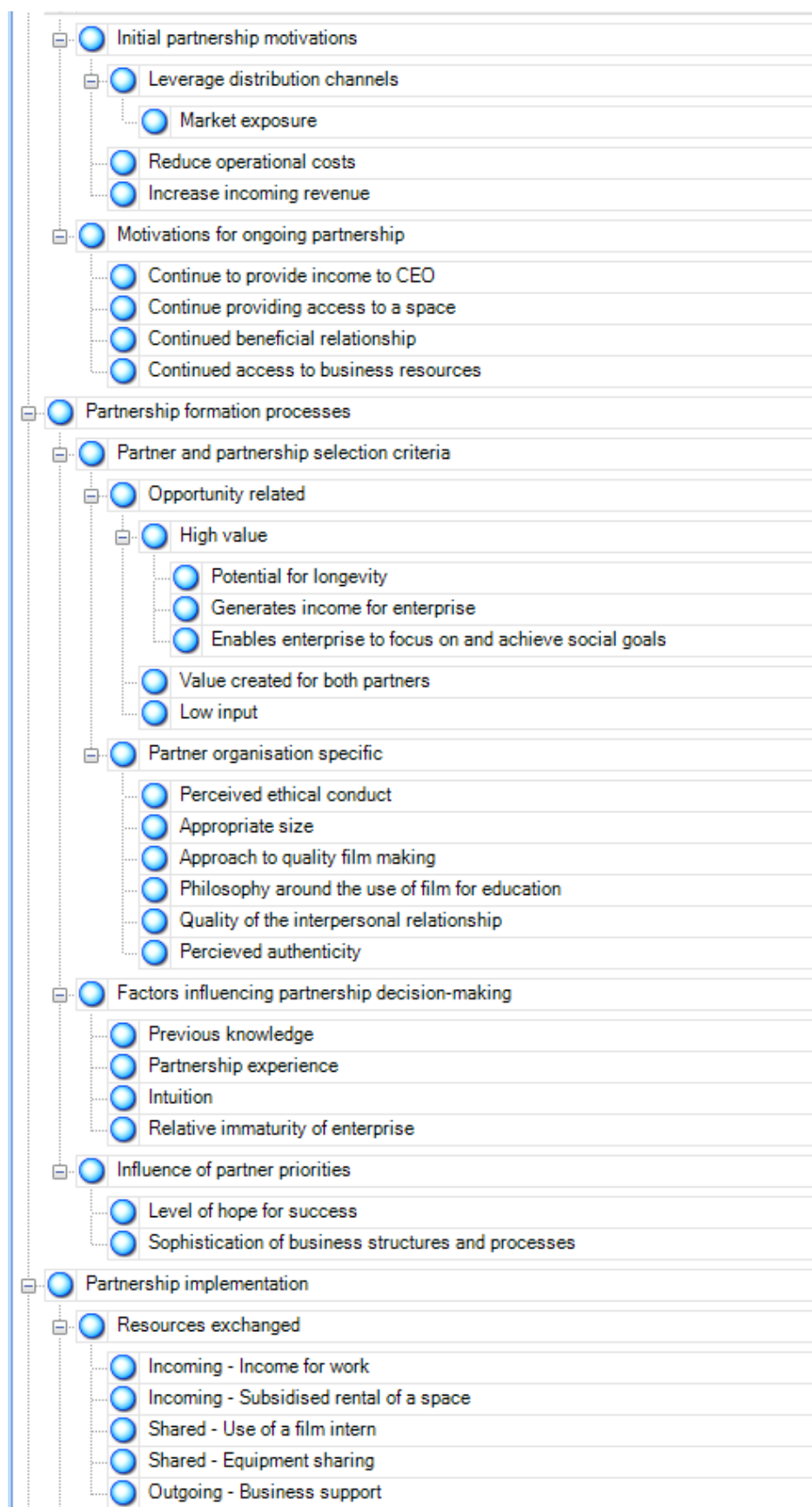


**Figure 2 - Coding hierarchy for Case E (Case context)**

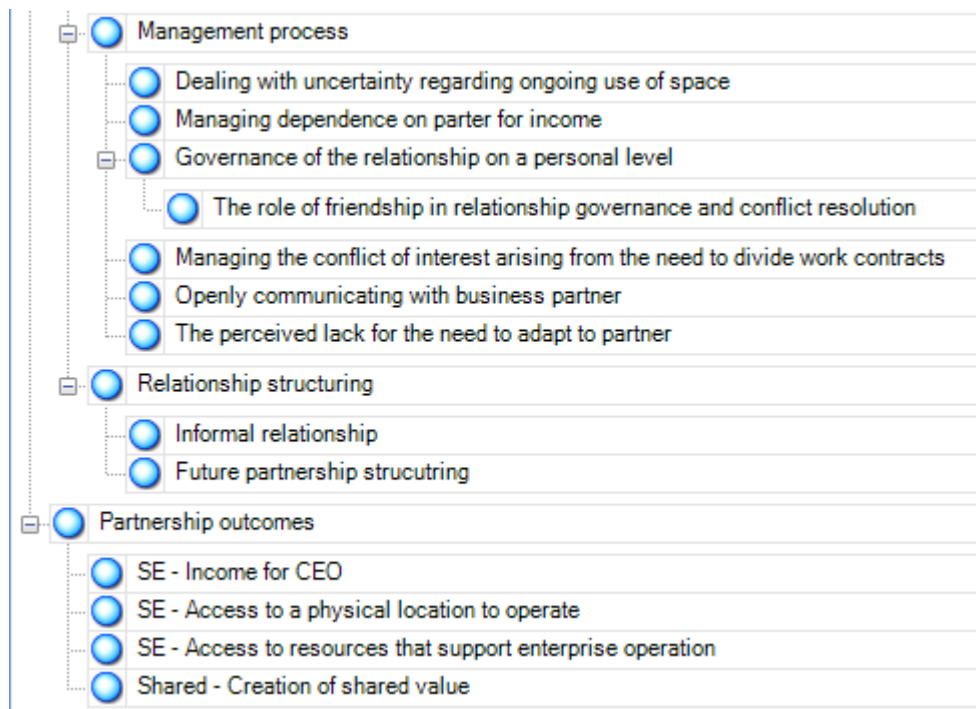
The second phase of within-case coding involved the coding of data according to deductive categories developed a priori, which were organised around the propositions, questions or activities guiding the research (Veal 2005). This approach is in line with the analytic strategy recommended by Yin (2009), which is to analyse data according to the theoretical propositions, or research questions that have guided the collection of data. Using this strategy, data were coded into a separate case node folder entitled *partnership data*, which incorporated a theoretical tree-node hierarchy including nodes that reflected key concepts and research aims identified within the research framework such as *enterprise logics*, as well as the four stages of partnership identified being *partnership motivations*, *partnership formation processes*, *partnership implementation* and *partnership outcomes*. Themes that emerged outside of the above key concepts/stages of partnership

were coded into separate parent nodes. An example of the coding hierarchy for Case F is outlined in Figure 3.









**Figure 3 - Coding hierarchy for Case F (partnership data)**

Once data had been broadly coded into the parent nodes, the third phase commenced, which involved the examination of the coded data with the aim of identifying sub-themes. The sub-themes that emerged were then coded into subsidiary node categories. This process involved the ongoing review of data coded into nodes to ensure the correct identification of themes, and the relevant coding of the data into appropriate nodes. In line with the data analysis process, some node categories were subdivided, whilst others were subsumed within other nodes (Merriam 2014). Clear and concise titles and coding descriptions were allocated to the parent and child nodes in order to clearly identify the data to be assigned to each category. This also ensured the reliability, replicability and transparency of the coding process. During the coding process, a journal was set up within NVivo to record the insights and ideas that emerged during the coding process (Bazeley 2007). The development of a journal helps to maximise transparency, and helps develop an audit trail, thus enhancing the credibility of the research (Bringer et al. 2004). This journal also aided the researcher in reflexive practice undertaken during the research and analysis processes.

In line with recommendations from Patton (2002), data for each case were recorded in individual case reports, which provided an analysis of the data collected in reference to the research themes and questions developed in Chapters 1 and 3.

#### 4.5.2 Stage 2 - Collective case analysis

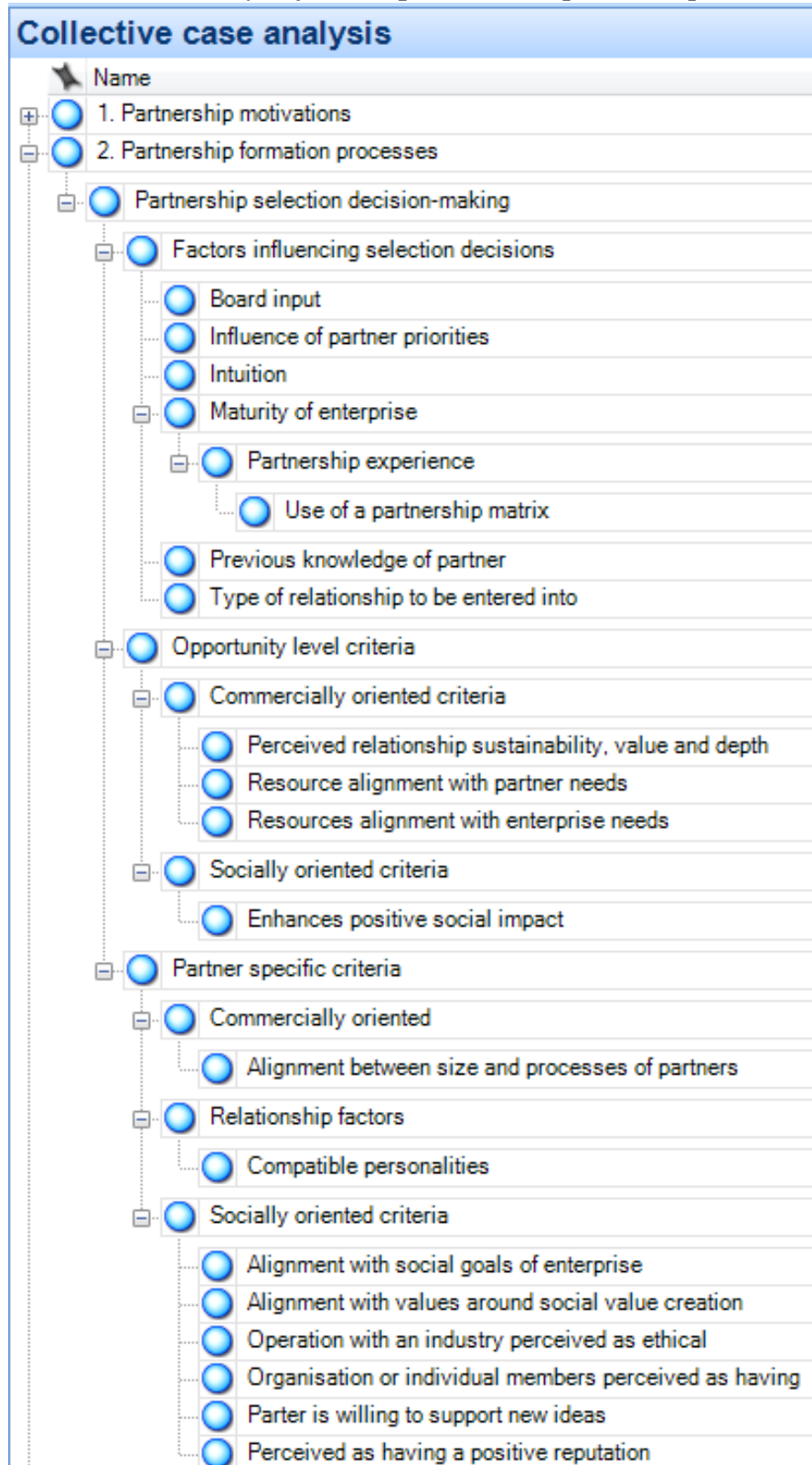
Once the within-case analysis was completed for each case, cross-case analysis then commenced. Cross-case analysis involves the examination of data between cases, with the aim of determining both the similarities and differences between cases studied (Patton 2002). As with the within-case analysis, the analytical strategy used within the cross-case analysis was based upon the research questions developed from the literature review. A separate tree-node hierarchy was created entitled *cross-case analysis*, within which, parent nodes were created to reflect the key partnership themes as identified within the research sub-questions (*partnership motivations, partnership formation processes, partnership implementation and partnership outcomes*). Subsidiary nodes created during the within-case analysis under each parent theme node were imported into the cross-case analysis node hierarchy. Following this, data within the imported node categories were then reviewed with the purpose of convergences and divergences within the data (Patton 2002). During this highly iterative process, existing nodes were amended and new nodes were created to capture the themes that arose within the aggregated data. In order to enhance the credibility and confirmability of the research, coded data were checked for both internal homogeneity and external heterogeneity (Patton 2002). Data coded into each node were checked to ensure that they contained data that a) represented the overarching theme as indicated by the node title and description (internal homogeneity), and b) that the difference between node themes were distinctive enough to warrant presentation as a distinctive node.

The coding hierarchies for the research sub-questions are detailed below. Figure 4 illustrates the coding hierarchy for sub-question one, which sought to explore social enterprise motivations for partnership. Figure 5 illustrates the coding hierarchy for research sub-question two, which explored partnership formation processes such as partner selection decisions. The coding hierarchy for research sub-question three is presented in Figure 6, which illustrates the different components explored including relationship structuring, resource contributions and relationship dynamics. Figure 7 presents the coding hierarchy for the outcomes of partnership, which were the focus of research sub-question four.

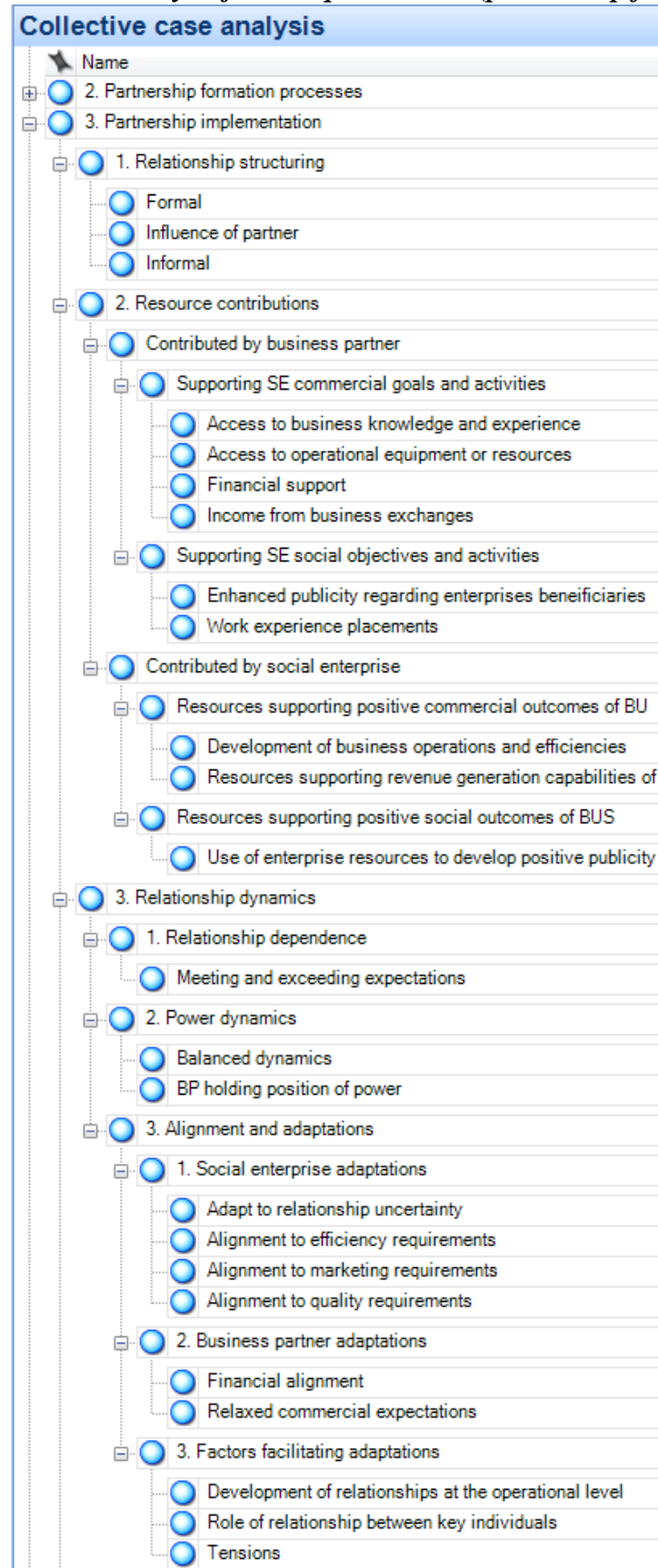
## Collective case analysis

Name	
<input type="checkbox"/>	1. Partnership motivations
<input type="checkbox"/>	Factors influencing motivations for partnership
<input type="checkbox"/>	<input type="checkbox"/> Bigger competitors in the market <input type="checkbox"/> Enterprise in start-up phase <input type="checkbox"/> Global recession <input type="checkbox"/> Government constraints in funding <input type="checkbox"/> Growth in demand for services <input type="checkbox"/> Perceived push for corporate support <input type="checkbox"/> Unfavourable weather
<input type="checkbox"/>	Initial motivations for partnership
<input type="checkbox"/>	Commercial motivations
<input type="checkbox"/>	<input type="checkbox"/> Access resources <input type="checkbox"/> Develop commercial legitimacy <input type="checkbox"/> Increase revenue <input type="checkbox"/> Reduce operational costs <input type="checkbox"/> Supports grant applications
<input type="checkbox"/>	Relationship factors
<input type="checkbox"/>	<input type="checkbox"/> Desire to reciprocate support <input type="checkbox"/> Perceived to be a good fit
<input type="checkbox"/>	Social motivations
<input type="checkbox"/>	<input type="checkbox"/> Belief in the social responsibility of business <input type="checkbox"/> Enhance support of beneficiaries <input type="checkbox"/> Maximise resources in local community
<input type="checkbox"/>	Motivations for ongoing partnership
<input type="checkbox"/>	Commercially oriented
<input type="checkbox"/>	<input type="checkbox"/> Continue to provide income to CEO <input type="checkbox"/> Continued access to business resources <input type="checkbox"/> Continued cost-effective operation <input type="checkbox"/> Continuing revenue <input type="checkbox"/> Develops a competitive advantage <input type="checkbox"/> Future opportunities for expansion <input type="checkbox"/> Increase profitability and efficiencies for both partners <input type="checkbox"/> Possible investment opportunity
<input type="checkbox"/>	Socially oriented
<input type="checkbox"/>	<input type="checkbox"/> Access training and work experience opportunities <input type="checkbox"/> Desire to create shared value <input type="checkbox"/> Enhance employment opportunities
<input type="checkbox"/>	Wish to continue a beneficial, supportive relationship

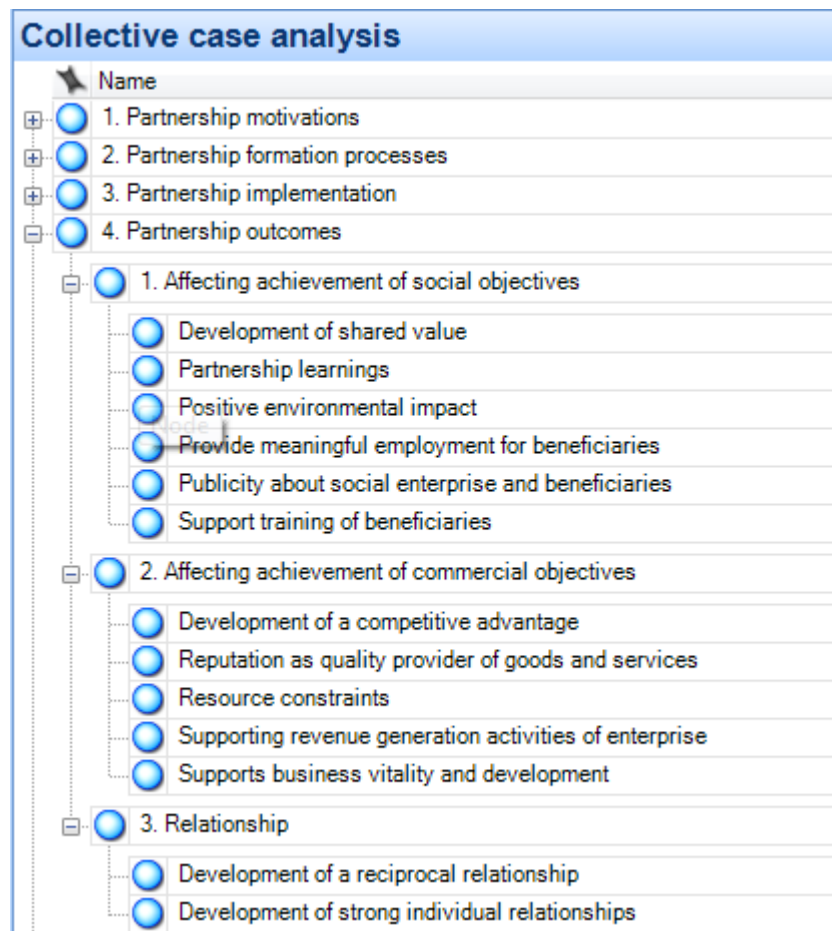
**Figure 4 - Collective case analysis for sub-question one (partnership motivations)**



**Figure 5 - Collective case analysis for sub-question two (partnership formation)**



**Figure 6 - Collective case analysis for sub-question three (partnership implementation processes)**



**Figure 7 - Collective case analysis for sub-question four (partnership outcomes)**

The analysis of the cross-case synthesis was displayed using word tables, which are presented in Chapter 5. The use of such tables enable the study to draw cross-case conclusions about the partnership decision-making of the social enterprises studied (Yin 2009).

## 4.6 Quality considerations

Case study research is a comprehensive research strategy involving the collection of multiple sources of information in an effort to facilitate the rich and in-depth investigation into a contemporary phenomenon within its real life context (Eisenhardt & Graebner 2007; Yin 2009). Despite these qualities, case study research is often criticised for lacking rigour and objectivity (Riege 2003; Rowley 2002; Ryan-Nicholls & Will 2009).

The debate surrounding the assessment of quality in qualitative research, and case study research more specifically, is immense. To date, consensus regarding the strategies to be used when developing strong qualitative research is lacking. Research undertaken from post-positivist perspectives has traditionally adopted criteria drawn from positivist ideals regarding truth and objectivity (Barusch et al. 2011), evidenced by the use of criteria such as internal validity, external validity, reliability and objectivity (Gibbert et al. 2008; Guba & Lincoln 1994; Riege 2003; Yin 2009). There is growing recognition however that the criteria applied for judging research quality must be congruent with the core assumptions underlying the philosophical perspective upon which the research is undertaken (Lincoln 1995; Merriam 2014). As such, for interpretivist researchers, the concern of quality is related to the authentic representation of participant perspectives within research processes and interpretations, and the coherency or ‘fit’ between the data gathered and their underlying social contexts (Fossey et al. 2002). Using the concept of ‘trustworthiness’ as a predictor of research quality (Farquhar 2012; Lincoln & Guba 1985), interpretive research quality may be assessed according to its credibility, transferability, dependability and confirmability (Lincoln & Guba 1985). As this research is guided by the interpretivist perspective, assessments of research quality will be made according to the criteria relating to trustworthiness as outlined above.

#### ***4.6.1 Credibility (internal validity)***

Credibility (or internal validity) relates to the plausibility or believability of research findings (Lincoln & Guba 1985; Tracy 2010), which requires a researcher to conduct the research in a believable manner and be able to demonstrate credibility (Houghton et al. 2013). According to Krefting (1991, p. 218), a qualitative study is considered credible when it presents an ‘accurate description or interpretation of human experience that people who also share the same experience would immediately recognize.’ A number of strategies have been applied to the design, collection and presentation of data in this study with the purpose of enhancing the credibility of the research findings. The first strategy was to produce ‘thick’ case descriptions, developed through thorough analysis of the data with reference to the context of each enterprise (see Chapter 5). Thick descriptions are provided when social actions are interpreted in detail and in reference to the context in which they arise (Ponterotto 2006). According to Farquhar (2012), credibility is enhanced when the researcher presents background information about organisations studied, groups or data

sources, as this information contributes to convincing the reader about the research. Within this study, the production of thorough and detailed descriptions was facilitated by the collection of data from multiple sources (See Section 4.5), including from interviews with different participants and from documentary data. Drawing upon different sources of data helps to develop insight into numerous perspectives, thus generating the most complete picture possible (Houghton et al. 2013). The goal is not to generate stronger insights about a valid singular truth, but to generate greater depth and understanding of the issue studied (Tracy 2010, p. 844).

#### **4.6.2 Dependability (*reliability*)**

‘Dependability’ is often compared to the concept of reliability in quantitative research, and refers to the degree to which other researchers can follow the decision trail used by the researcher (Thomas & Magilvy 2011). As opposed to the concept of reliability in which research is judged based on the ability to produce similar results over time, assessment of the dependability of research recognises the contextual nature of data analysis and interpretation (Shenton 2004). Assessment of dependability is therefore based upon the degree to which future researchers can follow the data collection and analysis procedures outlined (Houghton et al. 2013; Merriam 2014; Sinkovics et al. 2008), and the degree to which the results make sense in relation to the data collected (Merriam 2014). The dependability of this research was enhanced through the careful and sincere documentation and clarification of research procedures (Gibbert et al. 2008; Merriam 2014; Shenton 2004; Thomas & Magilvy 2011; Tracey & Phillips 2007).

In order to further enhance the dependability of the research, a pilot study was undertaken using Case A, with the purpose to test the aspects of the research protocol such as the interview structure and sequencing (Riege 2003). Whilst initial phrasing of interview questions emphasised social enterprise experiences of conflict, tension and difficulty within their partnerships (as informed by the literature review), analysis of the pilot study data indicated that participants did not use this language to describe their partnership experiences. Instead, discussions indicated that both social enterprises and their key partners undertook a number of adaptations within the course of the relationship, but that these were motivated by dynamics other than those of conflict and tension. As such, it was felt that asking social enterprises about relationship adaptations (as opposed to conflict)



would generate greater insight into the dynamics of the relationship studied. Minor amendments were therefore made to the interview schedule, whereby questions were rephrased to remove any leading towards the concept of tension and conflict, allowing participants to better express their experiences without the tone of the response being influenced by the question.

The use of NVivo during the process of data analysis also helped to enhance the dependability of research, as the use of a research journal provides a record of the decisions made by the researcher when analysing and interpreting the data (Bringer et al. 2004).

#### ***4.6.3 Transferability (external validity)***

Transferability, or external validity, refers to the ability for the research findings to be transferred to other contexts (Farquhar 2012; Merriam 2014). A common criticism of case study research is that it does not allow generalisation to a larger population of cases (Gomm et al. 2000; Tracy 2010; Yin 2009). It has been argued however, that qualitative research is indeed transferable (Lincoln & Guba 1985; Polit & Beck 2010). The transferability of research is dependent upon the readers and consumers of research, as it is these individuals that intuitively ‘transfer’ the results to their own actions and situations (Lincoln & Guba 1985; Polit & Beck 2010; Tracy 2010). In order for the transferability of this research to be optimised, a number of analytic strategies were employed. Firstly, extensive contextual description was provided for each case, which provides the information to readers to make their own comparisons (Farquhar 2012; Merriam 2014; Shenton 2004). Such ‘thick’ descriptions involve not only contextual information on the social enterprises studied, but also information on the participants studied (Gomm et al. 2000; Polit & Beck 2010), as well as research methods and examples of raw data (Houghton et al. 2013; Tracy 2010). This information helps the reader to decide how appropriate the findings are within their own context. Another important component to the transferability of the findings relates to their grounding within extant theory. As recommended by Riege (2003), the research design guiding data collection was based upon an intensive review of the social enterprise partnerships literature in Chapter 3. Furthermore, the findings were discussed (Chapter 6) in reference to the partnership literature outlined in this Chapter 3.

#### **4.6.4 Confirmability**

The concept of confirmability is similar to the notion of neutrality and objectivity within positivist research (Riege 2003). Research is considered to be confirmable when the data collected and presented are thought to be accurate (Houghton et al. 2013), and are not overly influenced by the personal values of the researcher (Bryman & Bell 2007). The confirmability of the research findings presented is supported by a number of strategies. Firstly, an audit trail was developed by the researcher. An audit trail is an important component within rigorous research, and involves the researcher documenting decisions and actions undertaken during the research (Houghton et al. 2013; Shenton 2004). Audit trails enhance research rigour as they enable the reader to ‘see into the research process and follow its main stages’ (Ritchie & Lewis 2003, p. 299).

According to Lincoln and Guba (1985), an audit trail consists of six elements: raw data, data analysis and reduction products (transcripts notes, condensed notes and summaries), data reconstruction and synthesis products (themes, definitions and relationships), process notes (methodological notes), materials relating to intentions and dispositions (researcher reflexivity), and instrument development information (interview questions). In this study, instrument development information and process notes were recorded in a physical research diary, which was used to record reflexive insights that arose during the process of research design, as well as observations and thoughts that emerged following participant interviews (Thomas & Magilvy 2011). Raw data, transcript notes, themes definitions and relationships as well as data coding and analysis definitions, themes and processes were recorded in an electronic project log in NVivo, along with reflexive insights that emerged during the coding and analysis process. These audit trails enhanced the confirmability of the research by providing a chain of evidence that enabled potential readers to understand how research conclusions were generated based on the data collected, and the process of coding and analysis.

#### **4.7 Ethical considerations**

The quality of a study should be judged not only by its adherence to accepted measures of rigour, but also by the researcher’s level of commitment to ethical research practice. This is an important responsibility of all researchers, who should strive to undertake research

that is both ethical and morally right (Macklin 2010; Tracy 2010). In this study, data were collected in accordance with research guidelines contained within the Australian National Statement on Ethical Conduct in Human Research (Australian Research Council 2015).

Whilst it was anticipated that the project would involve minimal risk to participants, the nature of the data collected required a level of sensitivity by the researcher. Participants were assured that the names of individuals, their enterprises and the enterprise's business partner would not be included within the analysis of the findings. Anonymity was of high importance as the partnerships discussed within the interviews were currently active, and whilst the emphasis was upon the social enterprise's experiences and decision-making specifically, it was important for the future success of the relationship that the identity of organisations both involved and discussed remained confidential.

The researcher strove at all times to ensure that organisational and participant identity remained anonymous, however, there was a risk that the unique offering of many of the social enterprises studied may result in their identification by individuals working within the social enterprise sector, or those knowledgeable about Australian social enterprises. This risk was clearly communicated with participants, and the offer was given for participant to review case descriptions to ensure that any undesirable details had not been inadvertently disclosed. Participants were also provided with a copy of the interview transcript to review, and had the option of removing sensitive information.

Participants were informed that the data would be stored securely for a period of five years, and that access to the data was restricted to members of the research team. In addition, participants were informed that their participation was voluntary and that they could withdraw from the research if they changed their mind about participating.

A minimal risk research application was submitted to the University of Tasmania's Social Science Human Research Ethics Committee detailing the above ethical considerations. The committee reviewed all associated research documentation including the interview schedule, participant information sheet and consent form, as well as phone and email scripts (see Appendices A -E). Satisfied that the proposed research met the ethical standards of the Committee, research approval was granted.

## **4.8 Chapter conclusion**

This chapter has explored the research methodology guiding the exploration of social enterprise partnership decision-making within this dissertation. A qualitative interpretivist approach was shown to be the most appropriate strategy through which to explore social enterprise partnership actions and decision-making given the exploratory nature of the research and the infancy of the field overall. A collective case study design was illustrated as being an effective strategy through which to explore SE-BUS partnerships, with data collected through the use of semi-structured interviews and analysis of documentary data. The use of NVivo was also outlined in relation to the within-case and multiple-case analytic strategies adopted. The data collected utilising the strategies and processes described in this chapter will now be presented.

## **Chapter 5 - Research findings**

### **5.1 Chapter objectives**

The purpose of this chapter is to present the findings of the research. The descriptions of results are structured around the research sub-questions guiding this research, as presented in the research framework in Chapter 3. As such, findings relating to the motivations for partnership are provided in Section 5.2, with findings related to partnership formation processes presented in Section 5.3. Section 5.4 presents the data relating to social enterprise partnership implementation, and Section 5.5 outlines the outcomes of partnership. This chapter forms the foundation of the discussion provided in Chapter 6.

### **5.2 Research sub-question one**

The purpose of research sub-question one was to explore the factors identified as motivating the social enterprises studied to seek partnership with business organisations, and to identify how these motivations may reflect values inherent within their social benefit and commercial logics. These aims are reflected in the question below:

*How are the multiple logics of social enterprises evident within their motivations to form partnerships with business organisations?*

Participants were asked to identify one key partnership that was to be the primary focus of the interview, however participants also discussed partnerships with businesses more generally. As such, the motivations identified within the findings were based upon previous experience and decision-making in existing partnerships, as well as perceptions regarding future partnership decision-making.

Analysis of the findings indicates that both social benefit and commercial logics were evident within decisions of the enterprises to seek partnership. Motivations reflecting both the commercial and social benefit logic of social enterprises will be presented below, after which, the way in which partnership motivations evolved will be discussed.

### *5.2.1 Motivations reflecting a commercial logic*

A number of commercially oriented motivations were highlighted by participants. These are outlined in Table 4, with key components of partnership motivations highlighted in bold text.

As illustrated in this table, the desire to form partnerships as the means through which to develop the organisational capacity of the enterprise was a factor motivating each of the enterprises studied. The most commonly cited commercially oriented motivation was the desire to secure access to needed resources – whether this was funding to support ongoing development (Case D), access to needed partner resources such as operational equipment (Cases A and B), or access to upcycled materials (Case D). Membership networks were also a resource sought through partnership (Case F). The need to increase revenue was highlighted by Cases A, C and F as an important motivator, whilst the need to reduce operational costs was also indicated to be an important consideration in cases B, D and F. Case D expressed the perception that partnerships with business provided an opportunity for the enterprise to develop a reputation as provider of quality goods and services, and in doing so, challenge existing community perceptions regarding the type of outputs generated by socially oriented organisations, and by extension, individuals associated with disadvantaged minority groups. For this enterprise, being perceived as a legitimate business was important as it enabled them to price their products and services in a manner consistent with their competitors within the marketplace.

**Table 4 - Commercially oriented motivations for partnership**

Commercially oriented motivations for partnership						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Access to resources	It served our purpose because they <b>provided machinery</b> to us to be able to compress the paper (A3)	When we were setting up the workshop we didn't have any tools and <b>we didn't have the capacity to buy tools</b> , so we went to one business to ask them to donate (B1)		And that started a relationship ... which for us, <b>was mostly motivated by an interest in securing funding</b> .... business partnerships are a good way for us to <b>source fabrics</b> on an ongoing basis as well (D1)	And we desperately needed somewhere that we could <b>use the existing infrastructure</b> that we had....it needed to be a space that you could operate almost like you were outside but it was weather proof (E1)	...they had developed this channel and it would have been great had we <b>gotten access to that channel</b> , but we couldn't come to the right commercial terms around it (F2)
Develop commercial legitimacy				We don't want to be seen to be, because we're a social enterprise or a non-profit organisation, somehow inferior in quality or effectiveness of what we produce. So partnerships with business are also a great way for us to <b>show our alliances in the business community and our value and worth</b> (D1)		
Increase revenue	They'd have to do it [paper shredding and sorting] at <b>the price we do it for</b> and there's got to be something in it for us (A1)		Generally just to <b>keep the revenue going</b> (C1)			So really thinking about the ones that will quickly get us into schools and generating sales for memberships first off (F1)
Reduce operational costs		So they're bringing in at the moment <b>rock-fill</b> and they'll bring boulder-fill in soon. And again all that just <b>saves so much money</b> (B1)			The base business as usual is that it gives us <b>a cost-effective space to trade</b> with the public, and train our young people (E1)	We would be <b>open to anything that added value</b> to the organisation. Now, you can add value in one of two ways. You can increase the top line, or <b>decrease the cost</b> (F2)

<b>Support grant applications</b>		<p>And in fact we had an informal discussion with the Premier at the market where we'd taken some toys to sell, and just saying 'we're not really stable again, we need some help' and her advice was – <b>once you've exhausted all the corporate people you can ask then come back to us</b> (B1)</p>				
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The final motivation identified by Case B related to the ability to access government funding:

*‘So generally your tenders are stronger if you can identify what money you need from the government or grant body, and what in-kind or monies are going to come from other sources. If they can see that the corporate world is also assisting your project, you are far more likely to get the money’ (B1).*

According to this enterprise, applications for funding were considered more favourably when the enterprise could demonstrate that they were collaborating with business organisations. As such, partnership was a strategy utilised to gain access to resources outside of the specific collaboration.

### ***5.2.2 Motivations reflecting a social benefit logic***

In addition to commercially oriented motivations, half of the enterprises identified the desire for specific social outcomes as a driver for partnership. These motivations are outlined in Table 5, with key components of partnership motivations highlighted in bold text.

**Table 5 - Socially oriented motivations**

Socially oriented motivations for partnership						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Enhance support of beneficiaries				So we're interested in <b>employment pathways</b> so that's a really big one for us – to maximise opportunities for our students and graduates, and also our staff when they're ready to move on to other employment options, to be able to secure those pathways (D1)	And it was pouring rain, and we had nine kids out in the rain every single week. <b>And we desperately needed somewhere that we could use the existing infrastructure that we had – as we were cart based</b> (E2)  To get them to turn up for work in the middle of Fed Square in the rain – yeah – is a real challenge. <b>And to get any sort of meaningful training done in that environment is quite difficult</b> (E1)	
Belief in social responsibility of business		Our board believes that <b>the corporate sector have a community responsibility</b> too – if you've got a business that's making enormous profits, our board's belief is that they have <b>some obligation to put something back into their communities</b> (B1)				

The socially oriented motivations identified are reflective of the logic inherent within the community sector, being a focus upon the desire for value creation that arises from the creation of effective and integrative outcomes for beneficiaries. Of the enterprises studied, only three discussed explicit social motivations for partnership, with Case E being the only enterprise to identify their social motivations as the *primary* motivation for partnership. The social outcomes desired by each of the three cases differed. For Case D, business partnerships were a mechanism used to support their education and employment goals. Partnership with business organisations thus provided the opportunity for the enterprise to develop employment opportunities for their students. Alternatively for Case E, their key partnership presented an opportunity for the enterprise to continue to support the training and employment needs of their beneficiaries, a core component to their social mission. For this enterprise, the key motivation was to develop a partnership that provided the enterprise with a secure a weatherproof location from which they could successfully operate and train their students.

Not all motivations were based upon fulfilment of enterprise needs however, and for Case B, partnership motivations were also associated with an overarching organisational belief regarding obligation of businesses to share the responsibility for addressing societal issues, particularly those issues that the business was perceived to have created or contributed to (both directly and indirectly). The example provided by the participant indicated that the enterprise would consider large commercial breweries as having a responsibility to support beneficiaries adversely affected by the over-consumption of their products (including individuals with alcohol problems, as well as their families and communities). This motivation reflects the moral assumptions underpinning social benefit logic regarding the collaborative nature of solutions to social problems.

### ***5.2.3 The balance between enterprise logics within partnership motivations***

The findings suggest that the strength of influence of social benefit and commercial logics is affected by the stage of organisational development. This is particularly true for Cases B, D, E and F, which at the time of partnership formation, were operating within the start-up and/or development phase. As the findings indicate, a strong focus within their partnership motivations was the development of enterprise viability and sustainability. As noted by

one participant (F2), the ability of a social enterprise to reach a large number of people over a long period of time is contingent upon the sustainability of the enterprise:

*‘We need to grow [the enterprise] to the point where it’s self-sustaining. That social impact that you’re going to get out of any social enterprise is much more affected by duration than scale in any one year. So we need to make sure that [the enterprise] is long-term sustainable, as quickly as we can’ (F2).*

As this above quote reflects, the core focus of some of the enterprise studied was upon the achievement of commercial viability as the means to achieve social impact, and less so upon the generation of social impact directly. The impression given by participants from emergent enterprises indicated that each enterprise was consciously *prioritising* decision-making that would support the financial sustainability of the enterprise, as this would indirectly enable the maximisation of the social outcomes achieved.

The findings suggest that the social enterprise model adopted may also influence the types of motivations prevalent. For example, Cases A and C did not identify altruistic motivations for partnership, despite being ADEs that were strongly committed to the empowerment of their disabled workforce through their employment with the enterprise. This commitment is reflected in the statement below from participant A1:

*‘We are a business that employs people with a disability that happens to be doing paper recycling and potting mix manufacture. We’re not potting mix manufacturers and paper recyclers that also happen to be employing people with disabilities’.*

The absence of altruistic motivations may reflect the enterprise model adopted by the enterprises, which enabled the simultaneous achievement of both social and commercial goals. This model therefore enabled these enterprises to focus upon the commercial operations of their organisations, knowing that doing so would result in the ability of the enterprises to continue employing their disabled workers, thus achieving their social missions.

#### ***5.2.4 The evolution of partnership motivations***

With the exclusion of Case D (whose key partnership ended after one year), all enterprises were engaged in partnerships that were ongoing, and had been in operation for a period of two years or longer (see Table 1). Analysis of the data indicated that the motivations expressed by Cases A, B, E and F evolved over the course of the relationships. At a broad level, social enterprise participants expressed the desire to continue with relationships that had evolved over time to involve the contribution of resources and support that were considered to benefit not only the social enterprise, but their business partner as well. The motivations expressed for the continuance of partnership reflect objectives associated with both a social benefit and a commercial logic.

##### ***5.2.4.1 Evolution of socially oriented motivations***

The evolution of socially oriented motivations was apparent within Cases A, B and E. Case B expressed the desire to continue a relationship that would support the training and work experience opportunities the enterprise could offer their beneficiaries. This involved the placement of their students within their business partner (BP) for work experience, possibly enhancing their ability to gain employment with the BP or a similar business:

*‘We haven’t asked them too many times, but I think that every time we’d want somebody to go there they’d be able to accommodate it. We’d be asking for max three placements a year, so it’s not many. It’s only two weeks at a time depending on the shape of the course’ (B1).*

For Cases A and E, participants discussed the creation of shared value as a factor motivating ongoing engagement within their relationships. Both enterprises had relationships that were transactional in nature, but were transitioning to become more integrative and involve the generation of shared value. For these enterprises, the ability for the enterprise to reciprocate the support provided by their BP by contributing to their BP’s business operations were factors motivating them to continually develop their relationship. For example, Case E had recently discussed with their BP options for how the organisations could work together in the future, which involved the possibility for the

enterprise to expand into other sites operated by their BP, whilst working with the business to support their CSR strategies and develop their commercial offerings:

*‘So one of the things that they’ve said when talking about creating shared value – their baseline – is that we have this space, and how can we help you? ..... It gives everyone that really tangible example of how they are caring for their local communities, and they very much hang their hat on being a local community landlord, and engaging with their local communities’ (E1).*

For Case A, participants felt that partnership with the enterprise had the potential to facilitate shared value by helping to improve the efficiencies of their business partner:

*‘So we’re developing more of a partnership idea with them, we’re talking about helping their business, not just looking for more business, but actually helping them in their business’ (A2)*

Discussions were in place between partners regarding future development of the relationship to better enhance the efficiencies created for both organisations, solidifying the relationship and providing security for the enterprise.

#### 5.2.4.2 Evolution of commercially oriented motivations

In many instances, the motivations or objectives driving the continuation of the relationship reflect a change in strategic thinking of the social enterprise, triggered by discussions with partners regarding future opportunities for relationship development. The strategic intent was most apparent within cases that were engaged in deeper level partnerships with their BPs, whereby the shorter-term thinking illustrated by the motivations for initial partnership changed to recognise the longer-term potential of the relationship. For example, Case A’s commercial motivations changed from considerations regarding access to equipment, to objectives to increase the profitability and efficiencies of both partners through the pursuit of future opportunities for expansion. They also sought to create a competitive advantage through remaining engaged with their BP in a relationship, which acted as a barrier to entry for potential mainland competitors:

*‘When we move into the new operation we’re going to have a really neat facility – something that is really cool. We might reduce their capital investment substantially as they go forward which may allow them to really push the project – from their point of view – faster, better...At the same time... it really cements us with them. It’s good for us, it’s good for them, and it’s a very secure arrangement for years ahead. What it also does... it shuts out everybody else’ (A2).*

For this enterprise, the realisation of the strategic opportunities of the relationship arose after a process of internal review and reflection on the relationship whereby the enterprise had assessed whether their BP, being a bigger business, was ‘ripping them off’ (A2), and if they wanted to extend the partnership contract. This review revealed that the conditions and dynamics within the relationship were both fair and favourable, and left the enterprise wanting to ‘get more into bed’ (A2) with their BP. This triggered a series of discussions in which future relationship possibilities were discussed by the partners.

For Case E, their initial motivations to access a weatherproof location to train their students had evolved into objectives to capitalise on future opportunities for expansion, possibly by gaining access to different BP locations which would support the development of the enterprise’s business activities, or alternatively, involve the BP investing in the enterprise’s businesses. For this enterprise, possibilities for working together was not a consideration during the initiation of the partnership, which from the enterprise’s perspective was focused upon the short-term needs of the enterprise, and less so upon long-term strategic possibilities. However, having developed the relationship to a point where it was sustainable, longer-term strategic considerations had become more important for the enterprise (and also their partner). Many of these considerations had been a result of the BP initiating conversations regarding the manner in which the organisations could work together to create shared value in the future:

*‘Locations that helped us expand our business so it was very much them understanding that our business used a business model that scaled over time, and them being part of that expansion. It could be investment, so the future sites where we need to go out and get investment for those sites. And if it’s their locations already that we’re expanding into, well could they come on as investors in those sites and have an equity share in those sites’ (E2).*

In addition, the ability to continue operating within a cost-effective rent agreement was also a factor driving the continual engagement in the relationship.

#### ***5.2.5 Summary of findings for research sub-question one***

In summary, a number of motivations were discussed by participants as driving the formation and continuance of partnership with their BPs. Initial partnership motivations primarily reflected a commercial logic, with enterprises particularly driven by the access to business resources, the development of commercial legitimacy, increasing enterprise revenue, reducing operational costs, and gaining support for grant applications. Socially oriented motivations included the desire to enhance support provided to beneficiaries, and to help businesses engage with perceived responsibilities to support the communities in which they operate. The findings also indicate that for some social enterprises, partnership motivations evolved, and for some cases in particular, reflected a greater level of strategic decision-making in relation to the potential advantages of partnership with their BP.

### **5.3 Research sub-question two**

The purpose of research sub-question two was to explore how the social benefit and commercial logics of social enterprises are evident within partner selection decision-making, and how partner characteristics influence the emphasis placed upon enterprise logics when evaluating potential BPs. As such, this question asked the following:

*How are the multiple logics of social enterprises evident within their evaluation and selection of business partners?*

The findings relating to this research question are presented below. Section 5.3.1 provides an overview of the selection decision-making undertaken by the social enterprises studied. Section 5.3.2 presents the ‘opportunity related’ criteria that emerged from the data, separating the discussion into criteria reflecting a commercial logic and a social benefit logic. Criteria assessing ‘partner specific’ characteristics are outlined in Section 5.3.3, which outlines criteria reflecting both commercial and social benefit logics. The influence of BP characteristics upon selection processes is presented in Section 5.3.4.



### **5.3.1 Partner selection criteria**

The findings illustrate that partner selection decision-making was often an informal and intuitive process. This was particularly true in Cases A, B, C and F, which, whilst being aware of characteristics sought in potential partners, had yet to develop formalised processes or policies. For these enterprises, potential partners were assessed on a case-by-case basis, and decision-makers were trusted to have an intuitive sense regarding the appropriateness of partners:

*'I trust (participant F1) to have a sense for that' (F2).*

Cases D and E were two enterprises that had more formalised decision-making processes in place. According to the participant in Case D, the enterprise had a series of ethical decision making processes at a board level that were used to assess potential partners. However, the participant did also note that their small size restricted the ability to develop formalised processes for every decision made by the enterprise:

*'We're not a big enough organisation to have developed policies and procedures for every decision that we make, so we're very consultative with each other' (D1).*

Case E was the only enterprise that had developed a structured screening process for potential partnership opportunities. The screening tool, or matrix, facilitated the assessment of partnership opportunities in relation to a number of criteria. Each partnership opportunity was assessed according to the fit with the enterprise's purpose and community need, the ability to support the financial sustainability of the enterprise, and the alignment of partner organisations with the values of the enterprise. Furthermore, the degree of proximity of the opportunity to the core business, beneficiaries, other key partners, and geographical location were considered, as was the perceived likelihood of the sustainable impact the relationship would achieve.

The findings illustrate that regardless of the formality of selection processes, two elements of a potential partnership were considered by participants: a) the proposed opportunity at the partnership level and the joint potential to create valued outcomes, and b) the characteristics of the specific business organisation.

### ***5.3.2 Opportunity related criteria***

Opportunities created within potential partnerships were evaluated according to the perceived level of alignment with the social and commercial objectives of the social enterprise.

#### ***5.3.2.1 Commercially oriented opportunity related criteria***

A number of commercially oriented opportunity related criteria were evident within the findings. These are displayed in Table 6, with key selection components highlighted in bold text.

**Table 6 - Commercially oriented opportunity related criteria**

Commercially oriented opportunity related criteria						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Resource alignment with enterprise needs	It sounds awful saying – what <b>can you exploit from them</b> – it's not quite like that...It's an intertwined puzzle where everything has to work in order for it (partnerships) to work (A1)	The reason was <b>that we needed something (haulage) so we thought – where are we going to get that from?</b> (B1)	<b>So their financial viability</b> does affect the way that we decide how to work with them (C1)	I guess the main thing in our early start-up stages was <b>looking for funding to support our</b> development, and so we looked at a number of grants offered by the foundations of corporate businesses (D1)	Is this decision getting us <b>closer to being financially viable as an enterprise?</b> (E1)	So if anybody could give us a <b>way to get people to buy more stuff in a way that wouldn't cannibalise our other sales...</b> we would be open to that and love that (F2)
Resource alignment with partner needs		We can't be entering into partnerships where it will <b>cost us to give back</b> (B1)	<b>It depends on the demands of the [partner] business.</b> We've had opportunities recently, but the pressure they've put on us for the turnaround time was undoable regardless. There wasn't a lot of money in the jobs, so therefore the pressure that the job created to get out the door would <b>affect our existing clientele if they came in with an urgent job</b> (C1)	<b>...we don't have the capacity to tend business partners and some really require a lot of maintenance.</b> They want to get their staff involved – that takes a lot of work to find things for their volunteers to do and to manage when their volunteers come in to do things. So we can't offer as much to business partners as bigger charities (D1)	If you're constantly bending your model to fit a partnership arrangement, I think they can break down quite quickly...Whereas <b>we just have to concentrate on running our business really well</b> – for the most part – and we're delivering what they want us to deliver and vice versa (E1)	We're offering a very different value proposition than those guys are, and we don't hold a lot of value for them – we've got a relatively small but high quality library but they don't really sell on quality specifically, and <b>therefore the added value to them was low</b> , so the value that we could extract from the partnership was low, and it would have cannibalised a lot of our sales (F2)
Perceived relationship sustainability, value and depth	You've got to ask yourself – why would you – <b>it can be a really long-term commitment to actually build up a relationship</b> (A1)  There's got to be <b>financial benefit</b> for both of us (A1)				And I think that most of the partnerships that we look at, we're <b>looking for partnerships that aren't single phased</b> . Some of them might be, but not many of them. And the more that you can look for partnerships that tick multiple boxes, then the more both organisations get out of it (E2)	There's all the standard stuff around – is this what's there, sustainability, is it a 'fly by night', or could they go away in five months. But again that goes under value for us – <b>because the value is the longevity</b> , and if the longevity isn't going to be there is it worth investing the time to get there? (F2)

The first factor considered by all cases when selecting partners was the potential for the partnerships to fulfil particular needs of the enterprise which varied in nature. In Cases C, D, E and F, participants highlighted the importance of partnership opportunities to provide the enterprise with financial support. For Case D, this was in the form of funding needed during their start-up phase, whilst for Cases C, E and F, the ability for the relationship to support the longer-term financial viability of the enterprise was important. Not all needs involved funding support however, with Case B describing their requirement for tools and materials that would be used to support the market-based activities of the enterprise. This also included the need for the haulage of the house donated to the enterprise.

The second perspective considered the alignment between the needs and objectives of the BP with the resource capabilities of the enterprise. For Cases B and F, the start-up nature of their development had left them with resource scarcities that restricted their involvement with partnership opportunities requiring large investments of time and money. As such, at this stage of their development, partnerships that could be operated with little cost to these enterprises were considered favourably. For Cases C, D, E and F partnership opportunities were assessed according to the capability of the enterprise to meet the needs of the partner without affecting current operational activities. For example, both Cases D and E described the challenges in accommodating the wishes of businesses to place staff as volunteers within the enterprise. This was not an optimal arrangement for Case D due to its small size and limited number of staff members who would be able to coordinate volunteering programs and oversee volunteer management. For Case E, the perceived lack of consistency amongst volunteers created a management burden for the enterprise and was therefore not a preferred method of business engagement. As such, when considering partnership opportunities, participants from Case E felt it was important for the partnership to operate without either partner 'bending' their business models to fit one another, and instead relationship opportunities needed to fall within the realm of their current activity and expertise.

The implications of partnership upon existing commitments were a factor considered by Cases C and F. The ability to meet production deadlines for existing clients was an important aspect to Case C's commercial success, and potential partnerships were considered in relation to their impact upon the enterprise's ability to meet these existing commitments. As a result, potential opportunities that were perceived to impinge on the

ability of the enterprise to fulfil these commitments were declined. For Case F, partnerships with larger profit oriented film production/distribution companies were carefully considered in relation to how such relationships might affect future sales of the enterprise – given the perceived propensity of such businesses to reduce the value of the films produced by the enterprise in order to enhance their own sales.

The final commercially oriented criteria considered when assessing partnership opportunities were the longevity of the relationship and the cost-effectiveness of the investments for the enterprise. These criteria were discussed by Cases A, E and F. For Case F, the developing nature and limited resources of the enterprise meant that potential partnerships were only considered viable if they were perceived to generate outcomes that justified the time, effort and resources invested by the enterprise into the partnership. Using a different approach, Cases A and E placed greater emphasis on the perceived capability for partnership arrangements to generate a degree of shared value, whereby both partners were able to benefit. For Case E particularly, this meant evaluating partnerships according to their capability to be designed in a manner which would enable them to evolve over time, and have the potential to develop into deeper, more integrated relationships in which the benefits experienced for both partners could be maximised.

#### 5.3.2.2 Socially oriented opportunity related criteria

In addition to the commercially oriented considerations discussed above, a social benefit logic was also evident within assessments of relationship opportunities. These data are illustrated in Table 7, with key components highlighted in bold text.

**Table 7 - Socially oriented opportunity related criteria**

Socially oriented opportunity related criteria						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Enhances positive social impact		<p>I suppose it's always in our mind about what these companies would be able to provide <b>employment opportunities</b> (B1)</p> <p>The vineyard didn't really offer enough <b>diversity</b> for the young people. They got a bit bored. So it was about keeping them motivated – to keep them motivated you have to keep them active, and to keep them focused <b>you've got to have things for them to do that are going to engage them</b>. The vineyard didn't really do that (B1)</p>	<p>It's important to keep these people (disabled employees) happy and not just in employment, but to keep them here...I can't make a decision and say we're going to do this particular job when I know they can't physically do it or its going to create tension because of different reasons... <b>the rights of the people with disabilities is a priority over business decisions</b> (C1)</p>	<p><b>So we're interested in employment pathways so that's a really big one for us</b> – to maximise opportunities for our students and graduates, and also our staff when they're ready to move on to other employment options, to be able to secure those pathways. So other businesses are a great way to do that (D1)</p>	<p>I think that we make decisions well, where we know for us that there's three critical things that every decision has to be able to go off. <b>Are we getting closer to stopping homelessness for more young people?</b>...And are we treading as lightly as we can on the planet in doing that? (E2)</p> <p>We're firm around what's best for our young people. <b>So I think if we need to we will walk away from a partnership if it's not in the interests of our young</b> (E2)</p>	

As illustrated by this table, the ability of a partnership opportunity to enhance the positive social impact sought by the enterprise was a key consideration for five out of six enterprises. Both Cases B and D expressed the importance for partnerships to lead to potential employment opportunities for their students. Case B also expressed the importance of partnerships to be able to provide training opportunities for their students which motivated them to learn, and kept them engaged with the enterprise. A previous partnership with a vineyard was discussed as an example, whereby the participant linked the dissolution of the relationship with a lack of diversity within the learning environment, which had resulted in the disengagement of the youth they were training at that site. This lack of activity variance and motivation was perceived to be leading to student disengagement with the program offered by the enterprise. For Cases C and E, the ability for partnership opportunities to contribute to the overarching mission of the enterprise was important – such as stopping homelessness and having a positive environmental impact (Case E), and providing employment opportunities that were meaningful and aligned with the capabilities of the beneficiaries (Case C). As the comments from participants C1 and E2 indicate, the commitment of the enterprises to their social missions and values often had priority over their commercial objectives.

### ***5.3.3 Partner specific criteria***

In addition to evaluating opportunity level criteria, the data suggests that social enterprises also evaluated their partners at an organisational level. Both commercial and social benefit logics were evident in these evaluations.

#### ***5.3.3.1 Commercially oriented partner specific criteria***

As illustrated in Table 8, the key commercially oriented partner related criterion was the alignment between the size and processes of the business partner and the enterprise. This factor was considered by Cases D, E and F. Case F perceived that partnership with businesses of a significantly larger size could involve misalignment between the levels of operational sophistication of the partners, which could result in the subordination of the enterprise within the relationship. Case E on the other hand highlighted challenges relating to differences in the speed and flexibility of decision-making that can arise when partnering with larger, more bureaucratic businesses. Whilst accepting that such

partnerships could still occur (and already had), participant E1 expressed the belief that partnerships with smaller, more agile entrepreneurial organisations were easier, and progressed more quickly. For Case D, partnerships with larger businesses were considered to be harder to develop, due to perceived incongruities between the objectives of different departments within the organisation which made relationship negotiation difficult. Furthermore, due to social enterprises falling outside the boundaries of conventional business, it was felt by participant D1 that such businesses would be less likely to appreciate the mission and values of the enterprise, which, based on previous experience, had the potential to undermine the enterprise's achievement of its goals.



**Table 8 - Commercially oriented partner specific criteria**

Commercially oriented partner specific criteria						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Alignment with size and processes of business partner				It depends on the <b>scale of the business</b> . If it's a smaller business, they tend to be pretty clear about what they want out of the relationship, and then it's easier to negotiate. Obviously we run very counter-intuitively to the commercial business world, so it does take a little bit of conversation and negotiation and people are generally really interested and want to support a good thing. <b>With the bigger businesses it's much harder because they often do have different departments who have different focuses (D1)</b>	It's not as though you can't do the bureaucratic version, but the difference in decision-making styles are much much greater if you're dealing with the big bureaucratic clunky machine, versus an agile entrepreneur. So probably I would say that <b>as a general rule, partnerships with entrepreneurial organisations are much easier because the decision-making styles are more aligned (E1)</b>	One of the things that I would be <b>hesitant to do is to become involved with an organisation that is significantly larger than us</b> , which might lead to either much more sophistication in terms of the structure that they set for the negotiations and the eventual relationship. And then also, the leverage they might have in such a relationship (F2)

#### 5.3.3.2 Socially oriented criteria

In comparison to the strong emphasis of the commercial logic within opportunity related criteria, the criteria applied when assessing specific partner characteristics reflect more strongly the social benefit logic of the enterprises studied. These criteria are outlined in

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**Table 9 - Socially oriented partner specific criteria**

Socially oriented partner specific criteria						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Alignment with social goals of the enterprise (i.e. desired achievements)	I think the state manager at the time did (supported the enterprise's goals). And certainly the operations person did too. <b>He had a good understanding, a good empathy for people with disabilities.</b> His daughter actually worked with us as a staff member. There was quite a close connection between individuals. I think overall that their company policy was to work with the community (A3)	[This brewery] approached us because they had community money that <b>they wanted to contribute to a project that was around employment and young people...</b> So the proposal we put up for the money was to create an employer network and get out to employers and it was about providing job opportunities for our older client groups – so 18 plus (B1)	And if they want to back us by either us doing some work for them, or help promote them because they will promote us, then we'll take them on-board (C1)	I'm very wary about how our staff and students are represented in terms of media, publicity, marketing... <b>a lot of traditional marketing and media people are more interested in messages around poverty, disadvantage and hardship as that sells their goodwill...</b> It's a big conflict because we can't allow those sorts of marketing strategies to undermine our core work which is building confidence and trust with our students and staff (D1)	<b>You genuinely like and respect [our work] and have a strong desire to work with the organisation to increase its social impact.</b> You're as committed to our social impact as you are your own financial gain (Case E Social Investment Speed Dating)	So for them (big business) an educational video is something that teaches you and now I've watched this five minute thing and here's the summary and here's what I've learnt – and they're on to the next thing. <b>That's absolutely the anathema of what we're doing.</b> We're saying – take a piece of art – you're going to learn something from that, and we will help teachers to use this resource as a teaching tool (F1)
Alignment with values around social value creation	The social responsibility/corporate responsibility aspect <b>was certainly a motivation initially</b> (A1)			And it's even more potent for us because with the refugee issue is one that is very negatively portrayed within the media...and we're really trying to combat that by putting out messages and stories that are positive and empowering <b>so that's very important to our mission</b> (D1)	<b>You share our values</b> and we have a common belief that private capital can do much public good (Case E Social Investment Speed Dating)  The organisation then undertook a 'positive screen' in its capital raising, <b>and proactively searched for investors who positively contribute to society and the environment</b> (Case E Background Document)	... we realised that their <b>models are really skewed towards just atomising and reducing the value of any bit of content.</b> And we are all about maximising it (F1)

Operation within an industry perceived to be ethical (a reflection of enterprise values)					We've had two groups come to us wanting a partnership in hotels, but where everything would be funded through gambling money... And then, what they would also want is our young people to transition once they'd finished to go and work in their venues. And we said no to both of those. <b>We desperately needed the money, but for us it would have been too much of a sell-out (E2)</b>	
Partner is willing to support new ideas (a reflection of enterprise values)				They're (partner) prepared to take more risks, to try out new ideas, and because social enterprise is and was at that time a relatively new and untested area of community development and support, <b>we were looking for foundations that would be a bit more open minded (D1)</b>	<b>You're an early adopter</b> and are prepared to pioneer new approaches to solving issues (Case E Social Investment Speed Dating)	
Organisation or individual members perceived as having ethics, integrity and authenticity (a reflection of enterprise values)	<p>They've got to be ethical...<b>As long as they're non-law breaking businesses</b> – I don't think we'd go into brothels or anything like that (A1)</p> <p>I was quite disappointed at how they were approaching things from the more financial side of things... They wanted something for nothing really. As far as business goes – <b>there's not a lot of integrity</b>. But it's business. We said no (A2)</p>				<p><b>You operate with integrity and are trustworthy, honest and ethical</b> in the way you undertake business (Case E Social Investment Speed Dating)</p> <p>...there was a really interesting situation where someone who is an extraordinary hospitality entrepreneur in this city volunteered to help us, but <b>we were just so underwhelmed by his kind of personal ethics</b> and the way that he carried out his business and the kind of person that he was that we said no (E2)</p>	My personal view is that philosophy and ethics of a business partner is extremely important – we're not going to get everything in a contract, there are plenty of ways for people who are capable of screwing you to screw you, and so any <b>business partnership needs to be based upon a foundation of trust</b> , and so I guess that probably should be an explicit criteria in most screens (F2)

Is perceived to have a positive social reputation			<p>If it was a meatworks up the road and they sent their cattle – like what’s happening at the moment for example [in the media] – like everyone else <b>we probably would not have a partnership with them for that reason.</b> But if it was someone that ran a gambling venue, that’s nothing to do with us so we would have that partnership. Does that make sense? (C1)</p>			<p>What else....<b>yeah if they had a bad reputation</b> (F2)</p>
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As illustrated in **Error! Reference source not found.**, the perceived alignment of potential partners with the enterprise's social goals and outcomes pursued was considered to be important by Cases A, B, D, E and F. In many instances, partners were considered according to their alignment with the specific social goals of the enterprise in relation to the empowerment and capability enhancement of their beneficiaries. For example, Cases A and B considered it important for potential partners to support the enterprise's goals of ensuring employment of beneficiaries (Case A), or developing future opportunities for employment (Case B). Similarly, as expressed by Case C, any business wishing to support the enterprise through the exchange of contractual services that ensured ongoing work for its disabled employees was considered positively. For participant D1, potential partners needed to illustrate a similar commitment to the goals of the enterprise in relation to the positive portrayal of their refugee students and employees, whilst for Case F, potential partners needed to share the goals of the enterprise regarding the importance of the delivery of high quality films and teaching materials to the students and teachers within schools. In contrast, Case E took a broader approach to the assessment of a partner's alignment with social goals, requiring that they share the enterprise's goals and wish to work with the organisation to enhance the overall social impact.

The second criterion considered when assessing partners was their alignment with the values of the enterprise regarding the generation of social value. The importance of potential partners illustrating a social conscience was highlighted by participant A1, who identified the need for partners to be committed to being socially responsible. For Case D, the alignment with the social values of the enterprises was closely linked to their social goals - being the importance of seeking to empower individuals through the use of marketing materials. As described by participant D1, the enterprise was 'wary' about partnering with businesses due to their tendency to develop community goodwill through using negative portrayals of disadvantaged individuals. For this reason, the enterprise had missed out on some business support:

*'And that doesn't necessarily serve people very well when they are on the margins and being told again and again that they're on the margins. So that's just something we're very careful about, and we're very aware about and try to limit that... And that means we will miss out on some opportunities for business support as we won't go down that path' (D1).*

For Case F, the alignment with the social values of the enterprise meant that potential partners placed value on the production of high quality films that were engaging and enriching for students. This alignment was described in another relationship the enterprise was developing:

*‘The [partner business] value art and making of art, and appreciate quality film making. Whether they produce any quality is a whole different story. But they value that learning can happen through good quality art’ (F1).*

Case E had very clear expectations regarding their partner’s alignment with the enterprise’s social values. The checklist available from the enterprise’s website had a list of desired attributes of potential partners, including the need for them to share the enterprise’s values regarding the creation of social value and the role of private capital within this:

*‘We’ve actually gone through and defined what a good partnership looks like for us... It’s highly values based. So it can’t only just stack up from a numbers perspective... I’d like to think that we’re trying to be the best thing that we can find on the planet in our type of social enterprise. And the only way that we’re going to get there is to find the other best people that have that same sort of view’ (E2).*

The third criterion considered important when assessing potential partners was the industry of operation. For Case E particularly, the perceived ethical nature of the industry of potential partners was considered to be vital. According to this enterprise, an ethical industry was one that did not have a negative impact upon society and the environment. Participants from this enterprise discussed a situation in which they had declined an offer for partnership from a hotel group on the grounds that the support offered was to be funded by gambling revenue generated on their premises, and also because the employment pathways proposed by the hotel group would involve the transition of enterprise graduates into this environment. Despite the funding being offered by the partner, the enterprise perceived that the business operated in an unethical industry, and therefore acceptance of the offer would undermine their social values:

*'We desperately needed the money, but for us it was just, it would have been too much of a sell-out' (E1).*

The importance of this criterion had led to the development of a 'positive screen' when raising capital, to select investors that positively contribute to society and the environment.

The fourth criterion highlighted by Cases D and E was the need for partners to be willing to support new ideas. As discussed by Case D, recognition and understanding of the social enterprise model is still developing within the Australian context, which meant that for potential partners, partnership with social enterprise presented both uncertainty and risk. The enterprise sought partners that were more open minded, and prepared to support the enterprise and their refugee students amid a climate in which the issues relating to refugees and asylum seekers was a source of contention within political discourse. Recognition of the innovative nature of social enterprise was also given by participants in Case E, who sought partners that were willing to be take risks, be early adopters and help the enterprise pioneer new approaches to solving issues.

The fifth criterion identified by the research was the need for potential business partners to illustrate integrity, authenticity and ethics within their business operations. Whilst the industry of operation was not considered to be particularly important for Case A, it was important to the enterprise that potential partners were law abiding. The integrity of potential partners was also important to the enterprise, as highlighted by participant A2 when describing how a competitor of their key partner had approached the enterprise with the offer for partnership. When approaching the enterprise, the business tried to discredit their key partner, whilst also offering an agreement that the participant interpreted as the business 'wanting something for nothing'. Considered to be lacking integrity, the enterprise declined the offer for partnership from the competing business, and proceeded to forge closer ties with their existing key partner. The need for integrity was also considered important by Case E, who included this within their list of important traits for potential partners. This list was developed as a result of the experience of participant E2 with a hospitality entrepreneur who offered the enterprise support. After meeting with the entrepreneur, the participant felt that the ethics of the individual and the manner in which they conducted their business did not align with the values and practices of the social



enterprise, and would undermine the development of trust within the relationship. As a result, the enterprise declined the opportunity:

*‘I thought that if this was how he was behaving in conversations that we were having – why would I do business with you? Why would I shackle our two organisations together? I just don’t like you and I don’t trust you’ (E1).*

The ability to trust potential partners was also considered to be important by Case F. As expressed by participant F2, contracts cannot protect organisations against all opportunistic behaviour and therefore a vital foundation of any partnership needs to be the ability to be able to determine if potential partners are trustworthy. As such, organisations with a poor reputation for operational ethics were not considered favourably.

The final criterion discussed by participants in Case C was the importance of the reputation of potential partners. According to participant C1, if it was perceived that a business was acting unethically within its industry of operation, then it would be unlikely that the enterprise would want to be associated with that business in any way.

### 5.3.3.3 Factors influencing partner selection decision-making

Whilst both social benefit and commercial logics were evident within the partner selection decision-making presented above, the data revealed that a number of factors affected the priority given to social and commercial considerations.

The first factor influencing social enterprise decision-making was the level of *resource scarcity* within the enterprise. This factor had particular emphasis within the decision-making of Cases B, D, E and particularly Case F, and led to these enterprises prioritising their commercial logic within partnership decision-making. For Case F, their start-up status meant that they were prepared to ‘take money from anyone’ (F2). The enterprise had approached a larger business with the idea of partnership as a way through which the enterprise could access distribution channels, which would support the growth of the enterprise which was struggling to move beyond the start-up phase. This approach had been in spite of the fact that the CEO (F1) did not like the business and perceived there to be a misalignment between the philosophies around the quality of short films for education.

For Case E, at the time of the formation of their key partnership, the desperate need to physically shelter their coffee cart led them to consider any partner with the required infrastructure; and as such, their approach was purely driven by the need to fulfil this need. The formation of their key partnership had been opportunistic and focused upon the fulfilment of the immediate operational needs of the enterprise. As described by the participants of this enterprise, very little partner evaluation had been undertaken prior to commencement of the relationship.

In a different scenario, the need for funding to support their development led Case D to apply for grant funding with a business foundation, despite reservations about the extent of media and marketing involvement that would be required of the enterprise, and the potential for its beneficiaries to be portrayed in a manner that was disempowering:

*‘We were pretty wary from day one...I was concerned about the extent of the media and marketing that would be required for them...I’m very wary about how our staff and students are represented in terms of media, publicity and marketing – we try to push a message about opportunity and empowerment, whereas a lot of traditional marketing and media people are more interested in messages around poverty, disadvantage and hardship as that sells their goodwill’ (D1).*

A similar situation occurred for Case B, who was offered some funding from a brewery. According to participant B1, the potential opportunity created a level of conflict with the enterprise and its board. This conflict was the result of perceptions by some that the enterprise should not be associated with an organisation believed to have contributed to the societal problems the enterprise was seeking to address in its programs. Others, however, perceived that partnership was a means through which the business could create some positive outcomes in communities, which was a step towards addressing the problems it had generated. Given that the enterprise was in need of the financial support offered by the business, an arrangement was negotiated in which the funding could be used in a manner that did not compromise the enterprise’s duty of care to their beneficiaries. The outcome of the negotiations was that the money offered would be used to create a program that assisted young adults over the age of 18 (legal drinking age) to gain employment, and would not be used within programs supporting youth under this age.

Alternatively, the data suggests that for enterprises that did not experience large resource scarcities, partnership selection decision-making reflected a more balanced consideration of both commercial and social benefit logics. For example, Case A had been approached by a competitor to their major partner, who had offered them very similar terms of partnership (including the placement of expensive machinery). Being a more mature enterprise with greater financial sustainability, the enterprise declined the offer due to the perception that the business would not have integrity in relation to their treatment of the enterprise as an equal partner, and also because the opportunity was unlikely to support the financial viability of the enterprise.

The second factor influencing partnership selection decision-making related to the *partnership experience* of the enterprise. Case E's opportunistic approach to their key partnership discussed above changed over time as the enterprise became more established, and more experienced in partnership. This was evidenced by the enterprise's development of the opportunity matrix that helped to direct their partnership decision making (see Section 5.3.1), which came about after a negative experience with a potential partner. This matrix was perceived to enhance the rigour in the decision-making undertaken, and reflected a more balanced incorporation of both social benefit and commercial logics into the consideration of potential partners:

*'It allows us to actually rate it, and to ask ourselves if there are any alarm bells ringing on any of these things. Do we take the next step and explore it further, or does it get knocked back really quickly? So, I think we've developed a bit of rigour around thinking through the implications of what bad partnerships might look like' (E2).*

Using this matrix, the criteria used to evaluate partnership opportunities became more equally focused upon opportunity level criteria, as well as partner specific criteria. Application of this matrix had led to refusal of many offers of partnership, often due to the misalignment between the social values of the enterprise and potential partners. Participants indicated that even if potential opportunities 'ticked all the boxes', if the gut feeling was that the partner was not genuine about their support and involvement with the enterprise, then the relationship would not be pursued. In supporting the partnership

strategies of the enterprise, the matrix had supported the growing audacity of partnership approaches undertaken by the enterprise:

*‘So I think that the things that we’ve learnt up to now have meant that we can probably get more audacious in our partnerships. We can start to do some big stuff...I think we’re starting to learn, and starting to practice – what could these things really look like if we put partnerships on steroids – what does that look like?’ (E2).*

The partnership decision-making of Case D had developed with experience. For this enterprise, a negative experience with their BP led the enterprise to recognise the importance of assessing potential BPs more carefully in the future:

*‘So it raised a lot of alarm bells for me in terms of business partnerships. Because it does seem like what’s expected can at times impinge on our core purpose as a social enterprise. So that’s I guess something we take into account every time we’re looking at partnerships now’ (D1).*

The third factor influencing social enterprise partner selection decisions is that of board input. Participants from Cases A, B, D and E discussed the role of the board within selection decisions. According to participants from these cases, partnerships would not progress unless approved at a board level:

*‘At the end of the day, if the board isn’t happy with a particular partner or partnership, they wouldn’t approve it’ (A1).*

Discussions did highlight the importance of the intensity of the proposed relationship as a factor that determined if the opportunity was assessed at the board level. According to participant D1, opportunities that risked the enterprise’s achievement of their social mission or purpose were evaluated at a board level, which were most likely to be relationships of a more strategic nature:

*‘If we go to Officeworks for sponsorship for school supplies and materials, it’s really just a resource thing...But if it’s a bigger relationship where there is going*

*to have more impact on the organisation, then we'd always look at the social mission and purpose first' (D1).*

The role of relationship intensity was also discussed by participants in Case E, who noted that bigger decisions that were perceived to have broader implications would be assessed by management, after which they would be presented to the board for consideration. The final factor influencing decision-making was the type of beneficiaries supported within the enterprise. The findings suggest that the partner's industry of operation was only identified as an issue in enterprises supporting beneficiaries at risk of societal disengagement, and who were vulnerable to the negative consequences of the products/services produced within the industry (i.e. drugs/alcohol). In contrast, the ADE's studied (Cases A and C) were less concerned about industry activities, as they were not perceived to affect the enterprise's social missions of providing employment to their disabled workers:

*'For example if [a local casino] said "We'd like you to do a particular job for us or work for us" some organisations would say "Oh you have gambling there and we can't have anything to do with gambling". But that isn't our mission. Our mission is to provide employment for and to work with people with disabilities' (A1).*

### **5.3.4 Consideration of business partner characteristics**

The second component to research sub-question two seeks to determine how business characteristics are considered within selection decisions. Overall, participants did not indicate that the selection of business partners involved a set of processes and criteria that were any different to the selection of non-business partners. Potential partners were assessed according to partnership level criteria, but were also evaluated according to organisational level attributes. At the opportunity level, business partner resource capabilities were the core focus of evaluation. Alternatively, at the partner specific level, alignment between the social values and goals of partners dominated decision-making.

Business partners were selected due to their capabilities to fulfil the needs of the social enterprises. For some enterprises, this led to the prioritisation of the enterprise's

commercial logic within partnership decisions, particularly when resources required were of a commercial nature and would only be possessed by commercially oriented organisations. For example, the machinery provided by Case A's partner was unlikely to be possessed by any other organisation other than a business working in the paper management industry. Similarly, the needs of Case B for the haulage of a house could only be fulfilled by a business – as this service was not provided by other organisations from different sectors. It requires noting however, that the resource capabilities of business partners in some instances led to the pursuit or development of a partnership, in spite of the social enterprise being wary of some commercial characteristics of potential business partners (Case D and Case F). This illustrates that internal social enterprise characteristics may have had a stronger impact upon social enterprise partner selection.

For other social enterprises, businesses were sought as potential partners due to their commercial operations within a specific industry, which provided opportunities for the enterprise to achieve its social objectives. For example, for Cases B and D, BPs were considered favourably when their industry of operation (construction and clothing manufacture) aligned with the training provided by the enterprise to its students. Partnership therefore presented opportunities for the enterprise to develop opportunities for work experience placements, and even possible employment of their students, thus fulfilling needs associated with a social benefit logic.

### ***5.3.5 Summary of findings for research sub-question two***

In summary, potential partners were evaluated according to both opportunity and partner related criteria that reflected both the social benefit and commercial logics of the enterprises studied. The findings suggest that the enterprises studied placed greater emphasis upon their commercial logic within the assessment of opportunity level characteristics, which led to a stronger focus upon the commercial capabilities of potential partners. In contrast, greater emphasis was placed upon the social benefit logic of the enterprises within assessments of partner specific characteristics, whereby the social goals and values of potential partners were considered, and the social alignment between partners considered necessary for the partnership to progress. Factors such as the level of resource scarcity within the enterprise, their relationship experience, board involvement as

well as partnership intensity were found to influence the dominance of particular logics within social enterprise partnership decision-making.

## **5.4 Research sub-question three**

The purpose of research sub-question three was to explore how the combination of social enterprise and business partner logics are perceived to affect the implementation of SE-BUS partnerships and the dynamics that develop between partners. It asked:

*How does the combination of social enterprise and business partner institutional logics affect partnership implementation processes such as the sharing of resources between partners, and the partnership dynamics that emerge?*

As proposed in Chapter 3 (Section 3.7.4), the value of resources being exchanged in a partnership influences the design of partnerships, as well as the power dynamics that emerge between partners (Di Domenico et al. 2009). The following discussion presents the findings relating to each partnership studied, which outlines the resources shared between partner organisations, and the influence of partner exchange value upon the power dynamics that developed between partners.

### **5.4.1 Case A partnership implementation**

The first partnership to be analysed is between Case A, an ADE, and their BP, a large business working within the environmental services industry. The relationship operates in the form of a contractual arrangement in which Case A undertakes paper sorting and shredding services for their BP. The partnership has been in operation for approximately 10-15 years. Data relating to each of the key themes within the partnership implementation, including the resources contributed by partner organisations and the power dynamics that exist in the relationship, will be presented below.

#### 5.4.1.1 Resource contributions

A number of resources were shared between Case A and their BP, and are outlined in **Error! Reference source not found.** Examples of key resources are highlighted in bold text.

**Table 10 - Resource contributions within Case A's partnership**

<b>Resources contributed by BP</b>	
<i>Resource contributions supporting positive commercial outcomes for social enterprise</i>	
<b>Access to operational equipment and resources</b>	<b>They give us the compactors.</b> We do some maintenance on them – any major jobs they'll do it. If we're talking about going to the new premises for example we might ask them for the use of bigger compactors (A2)
<b>Access to business expertise and knowledge</b>	Intellectual – they do come and have a look and see what we're doing as <b>they can offer ways of improving what we do</b> (A1)
<b>Income from business exchanges</b>	<b>They will drop of bulk paper</b> ...they deposit it and we sort it all out and we'll do things like sort out colour, cardboard etc. We'll take off paperclips and other stuff that we find. We do all that sorting. Eventually it all gets back into the compactors at the other end – <b>and then they come and pick it up</b> (A1)
<i>Resource contributions supporting both social and commercial objectives for social enterprise</i>	
<b>Enhanced publicity regarding enterprise's beneficiaries</b>	There would <b>be articles about it</b> – from their (business partner's) point of view and our point of view to demonstrate what people with disabilities could do (A3)
<b>Resources contributed by social enterprises</b>	
<i>Resources supporting positive commercial outcomes for BP</i>	
<b>Resources supporting revenue generation capabilities of business</b>	They're tough business partners – they buy the <b>paper back from us</b> , as well as supply us with paper – and they then export it (I think) to China where it <b>then gets made back into paper again and newsprint</b> (A1)

As **Error! Reference source not found.** illustrates, resources contributed by Case A's partner were directed towards supporting the activities undertaken by the enterprise as a result of their social benefit and commercial logics. The partnership supported the commercial objectives of the enterprise by providing access to expensive operational equipment and resources in the form of compacting machinery, as well as advice on how the social enterprise could improve its operational efficiencies. The contribution of the equipment was highly beneficial for the enterprise as it supported its ability to provide a service that earned the organisation income. This income was generated through the sale of



processed paper to their BP, but also from paper recycling services provided to business clients and the community more generally. In addition to these operational resources, Case A's partner also provided the opportunity for the enterprise to be promoted within the marketing strategies of their BP. This was important for the social enterprise as it created awareness of their commercial activities, whilst also supporting values associated with their social benefit logic by illustrating the capacity of their disabled workers. In return for the resources shared by their BP, Case A contributed products and services in the form of sorted, shredded and compacted paper, which their BP then sold to overseas markets.

#### 5.4.1.3 Relationship dynamics

According to participants from Case A, the relationship studied was characterised by close relationships between partner organisations, frequent and positive communication, and a strategic focus that incorporated both entities within the development of future projects. Retaining the partnership was considered to be extremely important to the enterprise as not only was their BP their biggest partner, but the partnership generated substantial income for the enterprise. In addition, as the social enterprise was operating within Tasmania (a small island state), the potential to develop equivalent partnerships was considered highly unlikely:

*'Part of our commitment is the two compactors. They're expensive pieces of equipment. And we're pretty much locked in. In other words, if we said that we didn't want to do any business with them anymore they'll come and pick up the compactors and go. And then we've got a problem' (A2)... 'Because there is no other choice in Tasmania we've got to maintain it' (A1).*

These above factors provide insight into aspects of the dependence of Case A upon the resources and income provided by their BP, which was recognised as placing the social enterprise in a position of diminished power within the relationship:

*'If we tried to screw these guys a bit in any way, they will start to look at alternative ways of doing it. We will no longer be useful to them. They're big enough to go looking at other ways of doing it and go elsewhere. They have us right now, but that doesn't mean they don't have options' (A2).*

Recognising the potential negative impact upon the enterprise if their BP was to end the relationship, the enterprise had adapted a number of their commercial processes to better align with the needs of their BP (see Table 11). One adaptation undertaken was to review paper sorting processes to meet the quality standards required by their BP, as the delivery of poor quality products/services impacted upon the price that the BP could charge when selling the shredded and compacted paper into international markets.

**Table 11 - Partnership adaptations (Case A)**

<b>Social enterprise partnership adaptations</b>	
<b>Alignment with quality requirements</b>	Once or twice there were quality control issues that we corrected. <b>The paper wasn't sorted correctly into pure white versus printed.</b> I can't think of any major issues (A3)
<b>Alignment with efficiency requirements</b>	We have to <b>mechanise things a bit more...We're looking at mechanisation to improve our product</b> (A1)  So, if you weren't prepared to do that (mechanise to increase product quantity), there would be real tensions. If you weren't able to meet the <b>demands of the business then the pressure from the partner when they need more, could be quite difficult</b> (A1)
<b>Adapting to relationship uncertainty</b>	We're all in bed with this company and we've got nowhere else to go and they've got us. <b>Are they ripping us off?</b> That was part of the question I was asked – is the price is right? Are they doing the wrong thing by us? (A2)
<b>BP adaptations</b>	
<b>Incorporation of social enterprise within business facility</b>	The really nice facility that they're going to do, they're going to have to <b>incorporate their shredding business in that.</b> They don't necessarily have to do that...And when we move into the new operation <b>we're going to have a really neat facility</b> – something that is really cool (A2)

Furthermore, the enterprise was also considering introducing greater levels of mechanisation within the business, which would then enable the enterprise to meet the growing needs of their BP. Increased mechanisation had been a strategy that the enterprise had avoided in the past, due to the fact that manual labour maximised the number of employees they could employ, aligning with the values underpinning a social benefit logic. However, within the current stage of the partnership, it was perceived that mechanisation was necessary to avoid the development of tension in the relationship stemming from the inability of the enterprise to match the volume outputs required.

*'But if they ask us to do something we'll bend over backwards to do it...We see that as an opportunity, it's not a challenge' (A1).*

Recognising their dependence upon the resources provided by their BP, participants A1 and A2 undertook a review of the relationship after fearing that the social enterprise, in a position of lesser power within the relationship, was being exploited by their BP as a result of their resource strength associated with a dominant commercial logic. The review determined that the BP was treating the enterprise with integrity, and the relationship overall was generating value for both partners. In order to further solidify the relationship and reduce the risk of the BP leaving the partnership, participant A2 worked hard to develop joint projects designed to embed the enterprise within the commercial operations of their BP.

*'It's up to us to make it into something more than a contractual relationship' (A1).*

This above quote further illustrates the dynamics that exist within Case A's relationship, whereby the social enterprise invested greater time and energy into developing the relationship, as doing so reduced the risks associated with their dependence upon the commercial resources of their BP. These above examples illustrate how the commercial strengths of Case A's partner led the enterprise to prioritise a commercial logic within partnership dealings, as doing so increased their security within the relationship.

The findings also indicate that Case A was not alone in undertaking adaptations. Participant A2 described conversations that had arisen between the organisations about potential future partnership opportunities, whereby it was anticipated that the social enterprise would become incorporated into the operations of their BP in the north of Tasmania. This would involve being provided with a new facility in which to undertake their shredding and sorting activities, thus reflecting a willingness of their BP to align their infrastructure with the needs of the social enterprise within the partnership.

In summary, Case A's partnership involved the exchange of resources predominantly associated with the commercial activities undertaken by partners within their transactional relationship. The exchange value of Case A was associated with their commercial

capabilities and logic, and the ability to support the revenue generation capabilities of their BP. The exchange value of the enterprise's BP was also associated with their contribution of business resources, however also included the ability to enhance the publicity of the enterprise. Whilst the findings illustrate the dependence of the enterprise on their BP, the enterprise's exchange value supported the development of more balanced power dynamics between partners.

#### ***5.4.2 Case B partnership implementation***

The second partnership to be analysed is between Case B, a youth based social enterprise, and their BP, an Australian owned construction company. At the time of data collection, the partnership had been in operation for approximately two years, and was primarily philanthropic in nature. Data relating to each of the key themes within the partnership implementation stage, that being the resources contributed by partner organisations and the power dynamics that exist in the relationship, will be presented below.

##### **5.4.2.1 Relationship dynamics**

A number of resources were contributed within this partnership, and are outlined in **Error! Reference source not found.** Examples of key resources are highlighted in bold text.

**Table 12 - Resource contributions within Case B's partnership**

<b>Resources contributed by BP</b>	
<i>Resource contributions supporting positive commercial outcomes for social enterprise</i>	
<b>Financial support (via funding and discounted products/services)</b>	<b>The house move we thought may have cost up to \$25k, and they're charging us \$8k.</b> So that's huge. And we probably wouldn't have had that house moved if we had to wait until we had the \$25k to move it (B1)
<b>Access to operational equipment and resources</b>	<b>They're now providing fill.</b> We've got a very oddly shaped block that finishes in a waterway, so that needs to be built up and filled. So they're bringing in at the moment rock-fill and they'll bring boulder-fill in soon. And again all that just saves so much money (B1)
<i>Resource contributions supporting positive social outcomes for social enterprise</i>	
<b>Work experience placements</b>	We haven't asked them too many times, but I think that every time we'd want somebody to go there they'd be able to accommodate it. <b>We'd be asking for max three placements a year – so it's not many</b> (B1)
<b>Enhanced publicity regarding enterprises beneficiaries</b>	We did a workplace visit recently with a group and <b>they actually put us in the newsletter</b> – the whole group that went through (B1)
<b>Resources contributed by social enterprise</b>	
<i>Resources supporting positive social outcomes for BP</i>	
<b>Use of enterprise resources to develop positive publicity for business</b>	The housing project down at Bounty Street we've got a huge big sign with their logo on there. <b>That's just really a bit of a thank you more than it's a partnership of advertising</b> (B1)

As illustrated in this table, the resources contributed by Case B's partner were directed towards supporting the activities undertaken by the enterprise as a result of their social benefit and commercial logics. Financial support was provided in the form of the discounted haulage of a house gifted to the enterprise. According to participant B1, the enterprise received a discount of \$17,000 on the haulage service provided by their BP, which not only saved the enterprise money, but also enabled the house to be moved more quickly than would have been possible had the enterprise been required to pay for the services in full. Further savings were also provided by Case B's BP in the form of free rock fill, which was being delivered to the enterprise's construction site, thus generating further savings for the enterprise and contributing to a property that would be sold by the enterprise to generate revenue.

The resources discussed above illustrate the exchange value of Case B's partner in relation to their capacity to provide resources to support social enterprise needs associated with their commercial logic. However, the exchange value of the BP was also demonstrated to

be associated with their ability to support the activities associated with the enterprise's social benefit logic. For example, participant B1 described situations in which Case B's students had undertaken work experience placements with their BP. These placements supported the training goals of the social enterprise, and were perceived to enhance future job prospects for its students within the industry. In addition to work experience placements, Case B's BP also supported the enterprise by contributing opportunities for publicity within business communication. This involved the inclusion of the social enterprise within their BP's internal newsletter, which was perceived to help develop awareness of the activities undertaken and beneficiaries supported by the social enterprise.

As noted above, Case B's relationship was primarily of a philanthropic nature, whereby the contribution of resources generally originated from the BP. Having noted this however, Case B included their BP's logo upon social enterprise's marketing at their house renovation site. Whilst not perceived by the social enterprise to generate significant value for their BP, advertising their BP's involvement was considered to be important, as the expression of gratitude for support provided was an underpinning social value held by the social enterprise.

#### 5.4.2.2 Relationship dynamics

According to participant B1, Case B's key partnership had developed over time to incorporate greater levels of familiarity and positive rapport between partners. Whilst the interactions between partners were positive, the dependency of the social enterprise upon the resource strengths of their BP was highlighted. This dependency had led to the social enterprise frequently requesting support:

*'I think that they can sometimes feel a bit nagged as we'll continue to ring up and remind them and ask them things and we're not a paying customer – well we're not paying commercial rates like other people are. So I think sometimes they might feel like "sigh...not them again" (laughing). But they come to the party and they wouldn't do that if they weren't interested in contributing' (B1).*

The commitment of the BP to the social enterprise was illustrated by the contribution of free rock-fill, which was perceived to be a spontaneous initiative by the BP, and not

initiated by individuals within the social enterprise (see **Error! Reference source not found.**). Instead, it was initiated by truck drivers within the BP who had developed strong relationships with Case B employees, and wished to support the social enterprise by providing resources that the BP did not need. In this instance, it was the identification of the truck drivers with the values underpinning the social enterprise's social benefit logic that had led to partnership adaptations.

**Table 13 - Business partner adaptations (Case B)**

<b>BP adaptations</b>	
<b>Financial alignment</b>	I hope I'm not saying anything out of school here – but the drivers now know that when they're at a job and they need to get rid of fill which they'd normally take to the tip and pay to dispose of, they'll come to our block now. <b>So again they've saved us \$10,000's of fill.</b> That's not an arrangement that has been set with the senior hierarchy, but that's just with the drivers as they've got to know us (B1)

In summary, Case B's partnership was philanthropic in nature, and therefore characterised by resource contributions primarily stemming from the BP. Although the social enterprise demonstrated a limited exchange value in the relationship, relationships with front-line employees within their BP led to an adjustment in business activities which provided additional financial support for Case B.

#### **5.4.3 Case C partnership implementation**

The third partnership analysed is between Case C, an Australian Disability Enterprise (ADE), and their BP, a large multinational corporation operating within the confectionary industry. The relationship is based upon the commercial exchange of goods and services, whereby the social enterprise fulfils printing, stationery and quality assurance needs for their BP in return for income. At the time of interview, the relationship had been in operation for approximately 10 years. Data relating to each of the key themes within the partnership implementation stage of partnership, being the resources contributed by partner organisations and the power dynamics that exist in the relationship, will be presented below.

#### 5.4.3.1 Resource contributions

A number of resources were contributed within Case C's partnership (see **Error! Reference source not found.**). Key resource contributions are highlighted in bold text.

**Table 14 - Resource contributions within Case C's partnership**

<b>Resources contributed by BP</b>	
<i>Resource contributions supporting positive commercial outcomes for social enterprise</i>	
<b>Income from business exchanges</b>	So they would <b>just order, and we had everything ready to go</b> – we had all the artwork and files ready. So within two days we could have their print stationery back out to them (C1)
<b>Resources contributed by social enterprise</b>	
<i>Resources supporting positive commercial outcomes for BP</i>	
<b>Resources supporting revenue generation capabilities of business</b>	When they changed their wrappers from paper wrappers to the cardboard boxes that the chocolates are in...all the product that were printed came from Melbourne, and the creases weren't deep enough in the sides of the boxes so their machines couldn't push it up. <b>So we hand folded something like half a million pieces of cardboard – just bending them to be able to get the bend.</b> That was just before Christmas when they were about to release their new chocolate, so we worked lots of shifts and brought on a lot of people to sit there and do their half a million quality assurance (C1)

As highlighted within the table, the resource contributions occurring within this partnership were associated with the commercial activities and capabilities linked to the commercial logic of both Case C and their BP. Case C received income from their BP in return for the delivery of products and services that fulfilled the printing, stationery and quality assurance needs of their BP. In return for this ongoing work, the enterprise provided resources which supported the revenue generation capabilities of the BP. At times, this had involved the social enterprise sending a team of workers to their BP's premises to fulfil specific quality assurance needs. At other times, longer-term arrangements for work had led to the social enterprise providing a discount on the services provided:

*'But we did look after them in that respect. It was ongoing work, we knew we had it. Every day as a fill-in job there were these boxes (for two years). We looked after them definitely for that reason' (C1).*



According to participants, the relationship the social enterprise had with their BP was closer than a typical exchange-based contractual relationship. Whilst the relationship involved the commercial exchanges of goods and services for income, most exchanges were informally organised between key individuals within each organisation. As such, the relationship was perceived to operate according to dynamics not typically associated with transactional relationships. These dynamics will be discussed further below.

#### 5.4.3.3 Relationship dynamics

The relationship between Case C and their BP was described by participants as involving strong rapport and communication between organisations. Case C perceived that their partner understood the social enterprise and was committed to supporting its social mission. This was illustrated by the ongoing nature of some of the work undertaken. For example, the social enterprise had printed Chinese calendars for their BP for the last 20 years, and it was expected that this engagement would continue.

Comments made by participants indicated that the partnership was a key source of revenue for the social enterprise, one that they relied upon for financial stability. However, the BP's recent merger with another company had led to a change in management and processes within their BP, which had seen the centralisation of printing needs with a preferred supplier outside of Tasmania, as well as the movement of a number of processes overseas. As a result of these changes, the engagement of the enterprise by the BP had reduced, thus affecting the revenue generated by the social enterprise:

*'In one year, our revenue was down \$80,000 because of [partner]. Because they started sending everything to NZ. And that's a lot of money for a small business that only just started making a million dollars a year. So they've affected us quite badly' (C1).*

Aware of the implications for the loss of revenue on the financial sustainability of the social enterprise, and the ability to achieve their social mission by providing ongoing employment for individuals with disabilities, participants expressed the desire to do whatever they could to ensure the relationship continued:

*‘...we can do it, we will do it, and we’ll be there for whatever they want and when they want it... we don’t care what they want or how they want it, as long as what they get is what they want’ (C2).*

The dependency of Case C upon the revenue generated through the partnership was evident in the adaptations undertaken by the social enterprise, which were perceived to strengthen the alignment of its activities with the needs of their BP. These adaptations may be seen in Table 15.

**Table 15 - Social enterprise adaptations (Case C)**

<b>Social enterprise adaptations</b>	
<b>Alignment with quality requirements</b>	Yes we’ve had to change from where we were a long time ago to now, <b>and be a bit more professional, more responsible</b> , think more long-term. <b>New procedures, policy, and staff</b> – and get it to a proper business where it runs very smoothly (C2)  ....[partner] for one are <b>very strict on their quality control</b> (C2)
<b>Alignment with efficiency requirements</b>	<b>The only hard part about is to keep our turnaround time.</b> Because our employees are slower than normal, that’s always the hardest part is to work out ‘can we achieve it in this amount of time’, and make sure it is of standard and there are no mistakes....Just to get the job done, we’ll bring people in who don’t normally work. Or other people with disabilities who have worked here before, and we pay them to do the job, to get it done (C1)
<b>Adapting to relationship uncertainty</b>	It has changed over the past year – since they got taken over – that’s the biggest thing. It’s because they’re national/international, they’ve changed their branding, they’ve changed the way that they do everything. <b>If we didn’t have any insight person still, we wouldn’t have a single thing to [partner] anymore, no matter how hard we tried we wouldn’t be able to</b> (C1)

The first type of adaptation undertaken was to change operational processes/conditions in order to meet the quality requirements of the BP. The transactional nature of the relationship required the social enterprise to adhere to certain standards of quality in the products and services offered to their BP. As a result, the Case C had made a number of changes to internal practices and policies that strengthened the commercial professionalism of the enterprise, thus adhering to needs associated with the commercial logic of their BP.

The second type of alignment undertaken was to improve the social enterprise’s efficiencies in order to better meet the production requirements of the BP. For Case C, the need to meet the turnaround timeframes of their BP had led to the need to employ

additional workers during peak periods. This often involved drawing upon previous employees, as well as the family members of existing employees to work afterhours in order to meet production deadlines.

The final adaptation undertaken by Case C arose as a result of relationship uncertainty. As described by social enterprise participants, a recent corporate take-over had seen the implementation of new processes and policies in their BP, which had resulted in decreased engagement with the social enterprise, thus reducing the revenue generated. Although the relationship had been in operation for many years, the new changes had left participants feeling uncertain as to the future of the relationship, and the ability of the relationship to fulfil objectives related to the enterprise's commercial logic. As stated by participant C1:

*'Once these corporations get taken over, the little person misses out'.*

In order to help overcome this uncertainty, Case C had focused attention upon the development of personal relationships with staff members within their BP (many of whom were new). Furthermore, the social enterprise continued to focus upon meeting quality and quantity requirements of their BP, seeking to prove themselves to the new management through illustrating their focus upon product and service quality and efficient turnaround times. As such, the enterprise sought to illustrate capabilities associated with a commercial logic, whilst their social benefit logic and associated social activities received less emphasis.

As illustrated above, the reliance of the social enterprise upon revenue generated through the partnership with their BP had led to a number of internal alignments designed to better meet the commercial needs of their BP. The data indicates that Case C's BP also adapted behaviour in order to continue to support the social enterprise by engaging their services. However, these adaptations did not arise at a management level, and were instead the initiative of key individuals within the BP. For example, after the social enterprise failed to secure a tender as their BP's preferred printing supplier, champions within the BP acted in contradiction to the dominant commercial logic of the business as outlined within company policy, and re-engaged the services of Case C:

*‘So we have one particular source that is just about to retire, but she actually helped us. She started ordering back off us directly for certain books that they needed in the engineering department, the sick leave department’ (C1).*

According to participant C2, the development of strong relationships was a key strategy utilised by the social enterprise. The sales managers within Case C sought to develop strong relationships with key contacts within the BP, fostered through regular communication which was often personal in nature:

*‘I think the key difference is the friendship we have with them. We’ve got to know the people very well – very individually. Rather than being hello and whatever...you can chat to them about their private lives, what they’re doing and stuff like that. So it’s much more personal...’ (C2).*

In summary, the exchange value of Case C and their BP reflected competencies associated with a commercial logic. Whilst the resources contributed by each partner generated shared value, the data illustrates the dependency of Case C upon the revenue generated through the fulfilment of the operational needs of their BP, thus reducing the power of the social enterprise within the relationship. In order to reduce the risks associated with this dependency, the social enterprise had undertaken a number of alignments to better meet the commercial needs of their BP.

#### **5.4.4 Case D partnership implementation**

The fourth partnership analysed is between Case D, a social enterprise supporting the education and training needs of refugee youth, and their BP, operating within the finance industry. Data relating to each of the key themes within the implementation stage of partnership, being the resources contributed by partner organisations and the power dynamics that exist in the relationship, will be presented below.

##### **5.4.4.1 Resource contributions**

A number of resources were shared between Case D and their BP, and are outlined in Table 16. Examples of key resources are highlighted in bold text. As illustrated by this

table, the primary contribution made by Case D's BP was financial support in the form of grant funding, which was used to support the development of the social enterprise. The second contribution made was the provision of professional development support for the social enterprise, as well as access to business networks. Both of these resources supported the development of the commercial capabilities of Case D, thus helping to achieve objectives associated with their commercial logic. The commercial objectives of the social enterprise were also supported by the publicity opportunities provided by their BP, which supported objectives associated with both the social benefit and commercial logic of the social enterprise. Inclusion within their BP's marketing campaigns created exposure for Case D and opportunities to increase public awareness regarding the activities undertaken as a result of its social benefit and commercial logics.

***Table 16 - Resource contributions within Case D's partnership***

<b>Resources contributed by BP</b>	
<i>Resource contributions supporting positive commercial outcomes for social enterprise</i>	
<b>Financial support (via funding and discounted products/services)</b>	...as well as receiving <b>the funding from them</b> (D1)
<b>Access to business expertise and knowledge</b>	From our point of view it was pitched as being more than that – <b>it was pitched as being funding along with professional development</b> and/or links to other opportunities through greater networking, and leveraging off the skills of the business as well (D1)
<i>Resource contributions supporting achievement of both social and commercial objectives of social enterprise</i>	
<b>Enhanced publicity regarding enterprise's beneficiaries</b>	This particular foundation at one point brought in consultants from their marketing area, who had sub-contracted to a marketing company who came in to <b>run a media opportunity, a photo-shoot with us</b> (D1)
<b>Resources contributed by social enterprises</b>	
<i>Resources supporting positive commercial outcomes for BP</i>	
<b>Use of enterprise resources to develop positive publicity for business</b>	...Which was partly about <b>promoting their business brand and showing that they're connected to the community</b> by coming to our space and being filmed walking around the studio and showing their support (D1)

The inclusion within the marketing activities of their BP required Case D to provide the business access to the social enterprise's space, as well as to photos and videos of staff and

students. As such, the exchange value of Case D was linked to the social activities and individuals engaged with the social enterprise as a result of their social benefit logic. Providing their BP access to staff and students supported efforts of their BP to develop their image as a socially responsible organisation.

#### 5.4.4.3 Relationship dynamics

As a grant agreement, the partnership between Case D and their BP concluded after a period of one year. According to participant D1, the relationship, whilst fulfilling its objectives, had led to negative experiences for the social enterprise. These experiences had arisen as a result of uneven power dynamics within the relationship whereby the BP, as the provider of funding, was perceived to hold a position of power over the social enterprise (see Table 17).

**Table 17 - Social enterprise partnership adaptations (Case D)**

Social enterprise adaptations	
Alignment with marketing requirements	At times it was problematic because we were asked to do media activities that were quite intrusive for students and staff, <b>we didn't feel that we were in a position to negotiate or say no. So that was problematic</b> (D1)

As a result, Case D had felt pressured into adapting to their BP's requirements in relation to gaining access to the social enterprise and its students and employees, requirements that had not been communicated clearly to participant D1. As such, the participant felt pressured to sacrifice the values associated with their social benefit logic in preference for the commercial logic of their BP:

*'Because they granted money to us we felt we were powerless to say no. There was a sense that they had bought the right to come in and do whatever they wanted to do in the place, even though it was supposed to be more of a philanthropic arrangement' (D1).*

As a result of conforming to their BP's wishes in relation to the collection of material for their CSR campaign, the Case D experienced disruptions to their social programs and

commercial operations, and had to manage conflict that arose out of negative interactions between the marketing team and the social enterprise's staff and students. Participant D1 felt that their core social mission had been compromised:

*'We tried our best to manage the marketing circus as it came through – but it upset a number of our staff and students because of the way that they were treated. And that was something that really compromises our core mission, as one of our most important values and principles was to create a safe space for our students and staff, and unfortunately on that occasion the behaviour of these people compromised that' (D1).*

In summary, Case D's relationship was characterised by unbalanced power relations between partners. The exchange value of Case D's BP was perceived to be centred upon their commercial competencies, and the financial support provided to the social enterprise. This was perceived to place their BP within a position of power in the relationship, leading to pressures upon Case D to prioritise their partner's commercial logic over the social enterprise's social benefit logic.

#### **5.4.5 Case E partnership implementation**

The fifth relationship analysed is between Case E, a social enterprise working with homeless youth, and their business partner, a large Australian property group. At the time of data collection, the relationship had been operating for a period of two years, and operated according to a formal lease agreement between partners. Data relating to each of the key themes within the partnership implementation stage of partnership, being the resources contributed by partner organisations and the power dynamics that exist in the relationship, will be presented below.

##### **5.4.5.1 Resource contributions**

A number of resources were shared between Case E and their BP, and are outlined in Table 18. Examples of key resources are highlighted in bold text.

**Table 18 - Resource contributions within Case E's partnership**

<b>Resources contributed by BP</b>	
<i>Resource contributions supporting positive commercial outcomes for social enterprise</i>	
<b>Financial support (via funding and discounted products/ services)</b>	<p>When we were raising the money to build the kiosk we undertook a crowd funding campaign and raised over \$40,000 from the general public to fit out the new kiosk. <b>And they matched us dollar for dollar</b> (E1)</p> <p>Despite the fact that their other commercial tenants aren't aware of this fact, but we get <b>very preferable rental and lease arrangements</b> here (E1)</p>
<i>Resource contributions supporting both social and commercial outcomes for social enterprise</i>	
<b>Enhanced publicity regarding enterprise's beneficiaries</b>	<p>So, at a conference late last year they did a <b>huge presentation on creating shared value and how it was helping them engage with their local communities, and we were their case study</b>. So it really is a partnership that we talk about and that they talk about and we both get a lot out of it (E1)</p>
<b>Resources contributed by social enterprises</b>	
<i>Resource contributions supporting positive social outcomes for BP</i>	
<b>Use of enterprise resources to develop positive publicity for business</b>	<p>It was six months after we'd been there and we were celebrating our 30,000<sup>th</sup> customer...we'd made a conscious decision to have the celebration at the site. <b>And we got the Lord Mayor to come and be our 30,000<sup>th</sup> customer</b>. The woman who was our contact there (in the partner) said to me...that was a stroke of genius. You guys will be untouchable this year (E2)</p>
<i>Resource contributions supporting positive commercial outcomes for BP</i>	
<b>Development of business operations and efficiencies</b>	<p>And I think that the main thing that we bring to the party is <b>that we've activated a space that they've found hard to activate</b>. That's the honest truth. Once they put us there they realised that it was quite a busy space that they probably could have rented that out. And before that they probably couldn't. So we've actually activated an area of their asset that wasn't working for them (E2)</p>

Case E's partner supported the commercial objectives of the social enterprise through the development of favourable lease arrangements that involved discounted rent. The discounts helped to support the financial sustainability of Case E, as the money saved could be used elsewhere. The second way in which Case E's BP contributed to the social enterprise's commercial objectives was by providing financial support that enabled the retainment of premises within the BP's retail complex. At the time of interview, the partners had signed a five year lease, which required the Case E to update the space rented within their BP's complex. The social enterprise developed a campaign to raise funds through Pozible – a crowd funding platform used by ventures to source public funding.



They were supported in this activity by their BP who promised to match the amount raised dollar-for-dollar. The Pozible campaign was a success, with the enterprise receiving \$40,000 from their BP. In addition to the crowd sourcing donation, many of the costs involved in the upgrade of Case E's café were absorbed by their BP:

*'But at the same time all through the build when they were core drilling to get light and power in, and water in – they would normally charge a commercial tenant. They've footed the bill for all of that, they've footed the bill for the lighting that they got their electricians to move and it's on their light and power' (E1).*

The final resource contributed was the opportunity for Case E to be involved within the internal and external communications of their BP. Supporting objectives associated with both the enterprise's social benefit and commercial logics, information about the Case E was included within internal newsletters distributed within the BP, but also external communications that involved the social enterprise being presented at business conferences as a case study illustrating the social responsibility of the BP. This information was perceived to enhance awareness about the Case E and their social mission, as well as their commercial activities.

The resources contributed above were valued by the social enterprise as they supported the organisation's sustainability, and ability to provide training and care to homeless youth. However, as Table 18 illustrates, Case E also provided resources that were perceived to generate value for their BP. For example, the social enterprise created a publicity event to celebrate their 30,000<sup>th</sup> customer, generating positive exposure for their BP and supporting the development of their social image. Case E, as a result of commercial capabilities associated with their commercial logic, were also able to enhance the operational efficiencies of their BP. The sale of quality coffee had led to the popularity of Case E, which had increased the flow of traffic through an area of the shopping complex that was historically less active. This then provided their BP the opportunity to earn more rent money from tenants in that area.

#### 5.4.5.3 Relationship dynamics

According to participants, the partnership between the social enterprise and their BP had evolved over the years it had been operating. In its current form, the relationship was described as involving a strong connection between partner organisations, whereby the BP was perceived to genuinely support Case E and their social mission:

*‘So it’s really where they can stretch the corporate rules to make it work for us and them – they do it. And they don’t wait to be asked either’ (E1).*

For the enterprise, their partnership provided a cost-effective space from which the enterprise could operate its business, and provide training for its students. In order to retain use of their operational space, the enterprise aligned with the commercial standards valued within the commercial logic of their business partner; improving the aesthetics of their site (see Table 19).

***Table 19 - Social enterprise partnership adaptations (Case E)***

<b>Social enterprise adaptations</b>	
<b>Alignment with quality requirements</b>	I think because we’ve got good coffee they’ve overlooked the fact that the site has looked a bit below par...The second that you sign up for five years <b>you’ve got to do some decent investment to make it look professional</b> (E2)

The relaxation of the commercial requirements is one example of how Case E’s BP adapted their behaviour to meet the needs of the social enterprise (see **Error! Reference source not found.**). It was perceived that the BP supported the social enterprise by overlooking the shabbiness of their operational site during the initial stages of the lease partnership. As such, the BP was described as sacrificing requirements associated with their commercial logic in order to support the social enterprise (see Table 20).

**Table 20 - Business partner adaptations (Case E)**

<b>BP adaptations</b>	
<b>Financial alignment</b>	<b>Yes they've put in \$40,000 of match funding.</b> But at the same time all through the build when they were core drilling to get light and power in, and water in – they would normally charge a commercial tenant. They've footed the bill for all of that, they've footed the bill for the lighting that they got their electricians to move and it's on their light and power (E1)
<b>Relaxed commercial expectations</b>	<b>I think because we've got good coffee they've overlooked the fact that the site has looked a bit below par.</b> Retail shopping centres, they always try to make them look pretty slick. We were in there in a little cart that was falling apart a bit, and didn't look as professional as it could have (E2)

In addition to this adaptation, the BP was also perceived to align their objectives with those of the social enterprise by partially funding the refurbishment of their operational site. According to Case E participants, the funding provided through the Pozible campaign was unexpected, as was the offer of their BP to absorb the cost of the core building work undertaken during renovations, as these costs would normally be absorbed by tenants.

As has been detailed above, a number of adaptations were undertaken by both partners within the relationship. The reciprocated nature of these alignments reflects the relative balance of power between partners, perceived to arise from the ability for both partners to contribute resources of value to the relationship. From the enterprise's perspective, this value was generated by resources and competencies associated with both their commercial and social benefit logics.

*'I think what we'll show is that we're bringing them probably at least as much value as they're bringing us over time. And I think they will be surprised at how much extra value we can bring them' (E2).*

The alignment of BP values to those of the social enterprise was attributed by participants to the strong relationship that developed with a key contact within the BP. According to participant E2, this contact protected the partnership from individuals within the BP that wanted to replace the social enterprise with a full rent paying tenant:

*'So she was almost trying to slip us under the radar. She found us the little spot, and I know that she personally had to work really hard to keep us there...there were people internally in that organisation who were constantly coming back and saying – we can make more money out of this space...And because they're a publically listed company, they've got shareholders, so it's always about shareholder return' (E2).*

As such, this alignment therefore reflected the capacity of individuals within partner organisations to resist the commercial logic of their business employer in order to support the social values and activities that underpin the social benefit logic driving social enterprise.

In summary, Case E's partnership was characterised by the contribution of resources that led to the creation of shared value. The findings illustrate that Case E's exchange value was based on both their social benefit and commercial logics, whilst the exchange value of their BP was also based on the contribution of both social and commercially oriented resources. The ability for both partners to contribute valued commercial resources created conditions of equality within the relationship, whereby both partners were illustrated to undertake adaptations to further support the success of the relationship.

#### ***5.4.6 Case F partnership implementation***

The final relationship studied within this research is between Case F, a film based social enterprise, and their BP, a small film production business. At the time of interviews, the relationship had been in operation for a period of three years, during which the BP had supported Case F by providing employment for its CEO, whilst also charging reduced rent for operating from within the BP's premises. Data relating to each of the key themes within the implementation stage of partnership, being the resources contributed by partner organisations and the power dynamics that exist in the relationship, will be presented below.

#### 5.4.6.1 Resource contributions

A number of resources were shared between Case F and their BP (see Table 21). Examples of key resources are highlighted in bold text.

**Table 21 - Resource contributions within Case F's partnership**

<b>Resources contributed by BP</b>	
<i>Resource contributions supporting positive commercial outcomes for social enterprise</i>	
<b>Financial support (via funding and discounted products/services)</b>	And we worked out a rate for hiring this place for three days a week and that's been a real support. <b>Just to be able to have cheap rent for a place that is close to the city</b> – that's been fantastic (F1)
<b>Access to operational equipment and resources</b>	So for example, just yesterday, as far as working out [intern] and how we're going to do this intern thing. <b>I think we've roughly come up with a split of roughly 2/3 – so he [business partner CEO] will pay 2/3 and I will pay 1/3</b> (F1)
<b>Income from business exchanges</b>	The root of why that relationship exists in that form is because [participant F1] provides a service that [partner] needs. <b>And [partner] provides income that [participant F1] needs</b> (F2)
<b>Resources contributed by social enterprises</b>	
<i>Resource contributions supporting positive commercial outcomes for BP</i>	
<b>Resources supporting revenue generation capabilities of business</b>	I can answer the phones. I can help them with some of their IT questions. <b>It's actually helpful to have me here, and even just having the appearance that someone is here in the foyer – that looks better for everyone</b> (F1)
<b>Development of business operations and efficiencies</b>	And I'm a science and maths teacher as well as a media person, and I think that's actually informing my structured approach. My science degree was actually in IT and being organised and thorough about things has meant that I think – <b>I know that something that [partner CEO] has valued has been putting systems in place for organising all the video content and all that sort of stuff</b> (F1)

As illustrated in Table 21, both Case F and their BP contributed resources within the relationship that supported the achievement of organisational goals associated with a commercial logic. Case F was supported by being charged discounted rent, gaining access to film production resources at a discounted hire rate, sharing access to a film intern, as well as the payment of income provided for work undertaken by the enterprise CEO within their BP. These resource contributions supported the financial sustainability of the social

enterprise by reducing a number of overhead costs, particularly important to the Case F, which was operating within the start-up phase of development and was therefore challenged by resource scarcities.

Case F also contributed a number of resources within the partnership, enabled through the social enterprise's commercial capabilities and technical knowledge of the CEO. For example, participant F1 had used their analytical and organisational skills to improve the internal operations of the BP by putting processes in place to better organise their BP's film library. This was perceived by the participant to be a contribution that was valued by the partner CEO. In addition, the Case F's CEO also provided administrative support to the BP, enhancing the professional image of their BP by greeting business clients and answering the phone when partner employees were out of the office. The ability to provide these services for their BP was perceived to enhance the revenue generation capabilities of their partner. This capability was also supported by the enterprise through the referral of film-based clients to the business. As agreed between partners, Case F would retain clients that required film production services if the videos produced were perceived to have a positive societal impact. For clients that did not fulfil this criterion, the social enterprise would refer them onto their BP:

*'But I'm competing against [BP]; because their core business is producing videos... How do I decide between those jobs that are coming in that could actually be beneficial for the business of [BP], for the business of [enterprise]?...when it closely relates to the core mission of [enterprise] then I will take that as long as I've got capacity to do it. If it's different to that and more in line with [BP] – a more commercial focus – then I'll send it your way' (F1).*

The resource contributions made in this relationship illustrate how the exchange value of both the social enterprises and their BP may be connected with the goals and activities associated with a commercial logic.

#### 5.4.6.2 Partnership dynamics

In contrast to the other partnerships studied within this research, the dynamics that exist within Case F's relationship are very different. The relationship is complex; involving

elements of a business relationship as well as a personal friendship between partner CEOs. According to participant F1, the relationship was structured informally, reflecting the preference of the business CEO. The relationship was described as involving open and honest communication and high levels of trust between individuals.

The income provided by the BP was described as being highly important to the ability of Case F to operate. As reflected by participant F2:

*‘When we added the part-time work arrangement, we became significantly more dependent upon them as an organisation by the cash flow to [enterprise CEO] ... So it’s become a much more important part of the running of [Case F] and because it’s a risk, it’s made me a lot more nervous as a board member. But again, there’s not much that we could do about it other than going and searching for another job’ (F2).*

However, despite this identified dependence upon the BP for income, Case F participants did not perceive that the social enterprise had needed to undertake any adaptations within the relationship. Instead, when describing how the relationship had changed over time, participant F1 highlighted a number of ways in which the BP had adjusted their behaviour to support social enterprise objectives associated with their commercial logic (see Table 22). For example, the BP had illustrated flexibility in relation to a situation that arose when Case F was approached by external clients to undertake video production work – placing the social enterprise within a position whereby they were competing with their BP. The business CEO, understanding the resource challenges experienced by Case F, was described as being unconcerned by the conflict of interest. The partners, a result of their friendship and open communication, were able to reach an agreement that supported the objectives of both organisations. Other adaptations undertaken by the business included absorbing the parking costs for participant F1 to park onsite. Both of these examples reflect the willingness of Case F’s BP to sacrifice potential profits in order to support objectives associated with a commercial logic – being the social enterprise’s need for financial support and sustainability.

**Table 22 - Business partner adaptations (Case F)**

<b>BP adaptations</b>	
<b>Financial alignment</b>	<p>...the car parking costs an absolute fortune and I said to [partner] I can't afford that and I was parking across the river and it was a 10 minute walk. <b>But he said don't worry, just park there</b> (F1)</p> <p>But I'm competing against [partner]; because that's their core business is producing videos. <b>So now I'm going - well this is not my core business, but it's something that's helping us to generate an income.</b> How do I decide between those jobs that are coming in...He's been completely fine with it. Which is to his credit (F1)</p>

In summary, the partnership between Case F and their BP involved both business and personal dimensions. Although Case F was illustrated to be dependent upon the financial resources and revenue generation capabilities of their BP (linked to their commercial logic), Case F contributed resources that supported the commercial efficiencies of their BP, as well as their revenue generation capabilities. The commercial orientation of the exchange value of both partners led to the development of balanced power dynamics within the relationship, whereby the Case F's BP was described as aligning their financial decision-making to continue providing financial support for the social enterprise.

#### **5.4.7 Summary of findings for research sub-question three**

In conclusion, the findings of sub-question three illustrate that relationship dynamics were influenced by the exchange value of the business partner organisations, which in most cases, was strongly linked to a commercial logic. The resources contributed by business partners predominantly supported the enterprise goals associated with a commercial logic, namely financial and operational sustainability. Alternatively, the exchange value of social enterprises was illustrated to be based upon both their social benefit and commercial logics. The activities and values of the social enterprises associated with a social benefit logic provided them with the capability to support the social legitimacy of their BPs. Furthermore, the business capabilities developed as a result of their commercial logic were illustrated to enhance the commercial legitimacy of the social enterprises studied, providing them with the means to support the commercial processes and capabilities of their BPs.



Whilst the findings illustrate that social enterprises described a dependence upon the resource strengths of their BP's, only in one partnership did this lead to the subordination of the enterprise's social benefit logic to the commercial logic of their BP. In the other partnerships studied, the multifaceted nature of the exchange value of social enterprise led to the development of relationships characterised by stronger levels of equity between partners. In fact, the longevity and success of some relationships studied were the result of adaptations undertaken by *both* social enterprises and their BPs. These adaptations further enhanced the ability for the relationship to fulfil the objectives of social enterprises as determined by their social benefit and commercial logics. The data also highlights the important role of relationships with social enterprise champions within partner organisations, which in many cases were pivotal to the ongoing success of the relationship.

## **5.5 Research sub-question four**

Research sub-question four sought to explore how the outcomes generated within SE-BUS partnerships are perceived by social enterprises to support the achievement of their social and commercial goals. As such, it asked the following question:

*How does partnering with business organisations enable social enterprises to achieve objectives associated with their social benefit and commercial logics?*

A number of different outcomes, both positive and negative, were experienced by the social enterprises studied. Outcomes affecting the achievement of commercial objectives are presented in Section 5.5.1, whilst outcomes affecting the achievement of social objectives are presented in Section 5.5.2.

### **5.5.1 Outcomes affecting the achievement of commercial objectives**

The social enterprises studied identified a range of outcomes achieved within their partnerships that helped to achieve objectives associated with their commercial logic. These are detailed in Table 233, with key outcomes highlighted in bold text.

**Table 23 - Outcomes affecting the achievement of commercial objectives associated with a commercial logic**

Outcomes affecting the achievement of commercial objectives						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Supported revenue generation capabilities of enterprise	It provides sales – which let us pay staff and pay the support employees – to keep employment (A1)	They, at a discounted rate, moved the house for us, which is a hugely expensive job under normal circumstances (B1)  And then we will hopefully be in a situation in March to put it [the house] on the market so it brings the money back in so we can go again (B1)	The benefits...continuing sales, ongoing employment – they're the main key things (C1)		Provided [Case E] with access to 37 million footfalls per year of potential customers and supporters (S30)	There's equipment sharing, so I make videos for people and that's another income stream and [partner CEO] and I have an agreed rate for \$100 per day if I want to borrow whatever [equipment] (F1)
Supports business vitality and development	There's a real vitality going so from that the impetus of that new business that will arise. It's allowed us a reality – it's not just pie in the sky stuff, but we can talk about real things that they can do. The guys feel that there's a reality in all of that (A2)  So the relationship, having the size of the business – we're able to double our business almost literally.... what I'm seeing is that as we're also developing this, we'll improve our processes, and that doesn't necessarily mean getting more people on (A2)		We've had to change to where we were a long time ago to now, and be a bit more professional, more responsible, think more long-term. New procedures, policy, and staff – and get it to a proper business where it runs very smoothly (C2)	I think it really served its purpose. We really needed that support [funding and development support] at the time. I don't regret us going to them. It was very hard to manage the relationship with them, we were happy when it finished. But at the same time, it was very important for us at that stage. It definitely served a purpose (D1)	So we've taken what was a little cart there and turned it into a full kind of permanent space. So we've expanded the size of what we've had – the footprint is probably three times as large and with the seats there probably even more. It's allowed us to expand the business. And also the food offering and things that we can do at that site (E1)  The great news is that our last year at [Partner premise] has allowed us to completely test all aspects of the business model and prepare ourselves for expansion [participant E2 quoted in source Case E Social Investment Speed Dating]	Again, the most important part is that they pay [participant F1]. So they allow him to meet his personal needs, which allow him to meet the businesses needs for somebody to run it (F2)

<b>Developed a competitive advantage</b>	What it also does for our partner and actually for us, but even more for our partner, <b>it shuts out everybody else</b> . Because what's happening now, you've got your [competitors] from the mainland coming over to put their toe in the water, you've got people looking. They're looking to get in, wondering whether it's worth them investing. [Competing firms] invested in SA because they thought they could and they did – <b>but it would be difficult here</b> (A2)					
<b>Built a reputation as a quality provider of goods and services</b>	For me it's actually a <b>partnership with such a reputable international company</b> – that really helps us – <b>there are a couple of state waste based management companies, but dealing with [partner] they are big-time</b> . They are international, for us to be able to say that we work with [partner] then that's really good for us (A1)					
<b>Created resource constraints within the enterprise</b>				As far as the organisation goes, <b>we did have to organise a few events where they came in and spent some time here, and that impacted on our delivery of training and normal running of the place...</b> So we managed that. I don't think it changed us in any significant way, other than being extremely wary of marketing people (D1)		

The first way in which partnerships affected the commercially oriented goals of the social enterprises was through supporting their revenue generation activities. This was discussed in Cases A, B, C, E and F. For Cases A, B and F, the partnerships provided access to operational equipment and materials needed for the sale of their goods and services. For Case A, this was in the form of expensive shredding equipment, which enabled the social enterprise to sell their services to their BP, but also other clients within the community. In Case B's partnership, access to subsidised haulage and free land-fill supported the social enterprise's endeavour to renovate and sell their donated house, the profits from which would be reinvested. For Case F, subsidised access to their BP's video production equipment enabled the social enterprise to produce videos for outside clients, thus supporting the generation of revenue. Furthermore, the ability for Case F to rent its offices from its BP for a subsidised amount further enhanced the cost-effective operation of the social enterprise. The cost-effectiveness of Case E's operation was also supported by their BP through access to a location within a large shopping complex, which gave the social enterprise exposure to a large number of potential customers and supporters. For Case C, their partnership did not involve access to business oriented resources; however, the relationship involved the ongoing engagement of the social enterprise's services which resulted in the generation of sales revenue.

The second way in which the partnerships studied affected the commercial objectives of the social enterprises was through supporting enterprise development. Each of the cases that discussed this outcome – Cases A, C, D, E and F – were supported differently. Within Case A, the ongoing engagement and support provided by the BP, combined with the excitement of new ways of working together in the future, had created a sense of vitality within the enterprise as well as high staff morale. In addition, the anticipated future needs of the BP had led the social enterprise to consider the introduction of greater mechanisation within the business, which would enhance its productivity. In Case C, partnership with a large international business had led to changes in procedures and policy that were implemented in order to improve the professionalism and business capabilities of the social enterprise. Doing so had the overall effect of improving processes within the social enterprise, enhancing the ability to attract and retain clients. Whilst only in a partnership for a short period, Case D's provided funding as well as professional development opportunities – both of which were important to the state of development of

the enterprise at the time. For Case E, their partnership had a number of strategic benefits for the social enterprise. The ongoing support of their BP had led to the social enterprise's expansion from a cart-based offering to a larger site of operation that allowed for greater seating for patrons, as well as the diversification of the food and beverages offering. In addition to this, the partnership had enabled the social enterprise to test their business model for further expansion. For Case F, their partnership involved the ongoing employment of participant F1. The income generated from employment within the BP enabled participant F1 to continue to operate the social enterprise – something that may have been less possible within a traditional employment agreement.

The final outcome discussed was highlighted by Case A. For this social enterprise, partnership had led to the development of strategic advantages, including enhanced commercial legitimacy. The successful partnership, celebrated through the attainment in 2004 of the Prime Minister's Award for Community Business partnerships, was perceived to have developed the social enterprise's image as a 'mainstream' business that was able to service the needs of a partner of such a large size, and with a strong global reputation for quality products and services:

*'For me it's actually a partnership with such a reputable international company that really helps us. There are a couple of state waste-based management companies, but dealing with [our partner] they are big-time. They are international. For us to be able to say that we work with them, then that's really good for us' (A1).*

According to participant A2, the strength of the agreement between partners was also a source of competitive advantage. The renewal of the contract, plus the discussions for future relationship possibilities generated financial security for the social enterprise. Furthermore, the relationship was perceived to represent a barrier to entry for potential competitors looking to enter the Tasmanian paper management market. Whilst this relationship generated a number of positive outcomes for the social enterprise, one negative aspect to the relationship identified by participant A2 was the dependency on their BP. The participant discussed the impact that the loss of the relationship would have on the social enterprise, and the importance of keeping their partner 'onside':

*'If we tried to screw these guys a bit in any way, they will start to look at alternative ways of doing it. It will no longer be useful to them' (A2).*

The only negative commercial outcome from the partnerships discussed was experienced by Case D. According to participant D1, the negative outcome was not severe, and involved the occasional disruption to the daily operation of the social enterprise as a result of the need to manage the marketing activities organised by their BP.

#### ***5.5.2 Outcomes affecting the achievement of social objectives***

The study identified a number of outcomes that both supported and challenged the enterprises' achievement of objectives associated with a social benefit logic. These are outlined in Table 244, with key outcomes highlighted in bold text.

**Table 24 - Outcomes affecting the achievement of social outcomes associated with a social benefit logic**

Outcomes affecting the achievement of social objectives						
Inductive theme	CASE A (ADE – paper management)	CASE B (Excluded youth – certificate training)	CASE C (ADE – printery)	CASE D (Refugee youth – clothing manufacturing and café)	CASE E (Homeless youth – café)	CASE F (Youth films)
Supports training of beneficiaries		So that's huge. And we probably wouldn't have had that house moved if we had to wait until we had the \$25k to move it. Which delays everything. So by being able to have it there on-site, <b>young people are being trained in Certificate 2 training to renovate it.</b> There will probably be three groups before that house is finished (B1)			And given that fact that we wouldn't exist without them and <b>the young people we've helped wouldn't have been helped without them (E1)</b>	
Provides meaningful employment for beneficiaries	It provides sales – <b>which let us pay staff and pay the support employees – to keep employment.</b> We have actually increased the number of employees in the business – as we need to keep the volume through. So our goal is to employ people with disabilities and we are at capacity (A1)		So that was really good, so <b>they helped us with employment</b> , we helped them out with the printing (C1)			
Positive environmental impact	So there's a value that can be attached to that – so the waste part diminishes and the <b>environmental sustainability takes a higher role and people can feel really good about doing that (A1)</b>					

<p><b>Publicity about enterprise and its beneficiaries</b></p>	<p>There would be articles about the partnership....to demonstrate what people with disabilities could do (A3)</p>	<p>We did a workplace visit recently with a group and they actually put us in the newsletter...<b>the whole group that went through...</b>They're very generous in their recognition and their communication (B1)</p>		<p>Which was partly about promoting their business brand and showing that they're connected to the community by <b>coming to our space and being filmed walking around the studio and showing their support</b> (D1)</p>	<p><b>They do case studies, they put it on their website, they email internally so everyone knows</b> (E2)</p> <p>So, at a conference late last year <b>they did a huge presentation on creating shared value and how it was helping them engage with their local communities, and [Case E]</b> was their case study. So it really is a partnership that we talk about and that they talk about and we both get a lot out of it (E1)</p>	
<p><b>Partnership learnings</b></p>				<p>I wouldn't say that we wouldn't apply or get into it (future relationships with business foundations), but <b>we would just go in with a much firmer boundary around what we will and won't do, and try to negotiate more carefully</b> (D1)</p>		
<p><b>Development of shared value</b></p>	<p>We do something for them – <b>so it's not just a one-way street</b>. They're not doing a favour to us; <b>we're doing equally a role for them in doing the paper recycling and shredding</b>. They do part of it, we do other parts of it. So it's a great relationship – a great partnership (A1)</p>				<p>We just touched upon <b>CSR and the shift towards creating shared value</b>, and the fact that it's more about true partnerships, and that's the way that we deal with this partnership. And that's the way they deal with us (E1)</p>	



The first outcome identified by the study was the supported achievement of the training and development goals. This outcome was highlighted by Cases B and E, both enterprises that were specifically focused upon providing training to their beneficiaries. For Case B, the discounted haulage of a donated house provided the opportunity to commence renovations, enabling use of the house as a training site whilst their beneficiaries worked towards certificate accreditation. For Case E, their partnership provided a location to operate their coffee cart whilst simultaneously training their students. Furthermore, as the partnership developed, the operational site of the social enterprise expanded, thus allowing for the training of larger numbers of homeless youth, and the generation of a sustainable social impact.

The second socially-oriented partnership outcome discussed by participants was the provision of meaningful employment for social enterprise beneficiaries. This was highlighted by Cases A and C, both ADEs that operated for the sole purpose of providing meaningful employment to disabled individuals. For both these social enterprises, the ongoing sale of products and services generated within their relationships simultaneously provided ongoing employment for their disabled workers, thus enabling the achievement of goals underpinning their social benefit logic.

The third socially-oriented partnership outcome discussed by participants was the achievement of positive environmental impact. This was an outcome achieved by Case A's partnership, which involved the sorting and shredding of paper which was then recycled. The engagement in this environmentally sustainable behaviour helped to add a layer of meaning to the work undertaken by the social enterprise's disabled employees, which outweighed the negative connotations of these individuals working with 'waste' material. Furthermore, the ability to generate a positive environmental impact was a source of pride for the disabled workforce, thus supporting helping to generate positive morale within the social enterprise. Consequently, these outcomes supported two different values underpinning a social benefit logic – one being the generation of positive environmental impact, and the second being meaningful employment for disabled individuals.

The fourth socially-oriented partnership outcome discussed by participants was the creation of publicity about the social enterprises and their beneficiaries. This was the most common outcome discussed by participants, and arose in Cases A, B, D and E. The nature

of the publicity differed across cases, and lead to both positive and negative organisational outcomes. For Cases A and B, positive publicity occurred primarily through the development of articles about the enterprises that were distributed internally within their BP's. For Case A, the publicity gained helped to illustrate the capabilities of the disabled individuals, thus directly contributing to their social mission. For Case B, inclusion within internal newsletters of the BP helped to highlight the activities of the social enterprise and the youth they supported, thus supporting the enterprise's mission to develop employment opportunities for their students. For Cases D and E, the publicity gained was not confined to their BPs, and was instead communicated to the wider community. For both cases, their BPs developed case studies about the social enterprise, which were then communicated through the businesses' various marketing channels. The case study developed by Case E's partner had a strong emphasis upon the partnership between the organisations and its ongoing success. This case study was then presented internally within the business, but also at various business conferences – thus enhancing awareness of the enterprise within the wider business community.

For Case D, the publicity gained was mixed in terms of the positive and negative outcomes. In a positive sense, the marketing campaign developed by their BP helped to create awareness of the social enterprise and its beneficiaries, as well as the various business activities operated such as the clothing brand and café. However, as discussed above (see Section 5.4.4), the process of collecting marketing material left participant D1 feeling pressured into agreeing to media activities that were upsetting for staff and students, and led to the perception that the social enterprise's social aims regarding the positive and empowering portrayal of staff and students was somewhat undermined. A positive outcome did arise from this experience however, being the learnings gained about partnership with businesses. As outlined in Table 24, the negative experiences of Case D led the enterprise to determine that future attempts at partnership with businesses would be approached with caution, and much stronger boundaries around the access to social enterprise's staff and students would be in place. Doing so would ensure that the social enterprise was able to uphold its social objectives and the values of its social benefit logic more broadly.

The final socially oriented outcome discussed by participants was the generation of shared value. As discussed in Section 5.2.3, the desire to operate a partnership in which shared

value was generated was highlighted as the motivation for Cases A and E to continue their partnerships. The data indicates that these motivations were fulfilled in the relationships studied, with participants from both cases perceiving that their relationships generated outcomes that valued both partners. In Case A's partnership, the relationship supported the social enterprise's ability to generate revenue, and provided the equipment that enabled the enterprise to provide a quality product to their business partner. For Case E, the partnership provided the enterprise with a cost-effective basis of operation, whilst in return; the enterprise supported the positive CSR image of their BP, and had helped to increase foot traffic within a less active area of the complex.

In summary, the outcomes perceived to have been generated from the partnerships studied in this research were predominantly positive in nature. Partnership with business organisations supported social enterprise objectives associated with a commercial logic by financially supporting the social enterprises, as well as developing their commercial capabilities. These capabilities in turn enhanced the capacity of the social enterprises to generate revenue and profits, and therefore achieve organisational sustainability. In addition, partnership was also considered to facilitate goals associated with a social benefit logic, achieved through the provision of support that enabled social enterprises to meet the education and training needs of their beneficiaries. Partnerships also enhanced the environment impact of social enterprise activities, as well as developing greater public awareness of their programs and activities, and the capabilities of beneficiaries.

## **5.6 Chapter conclusion**

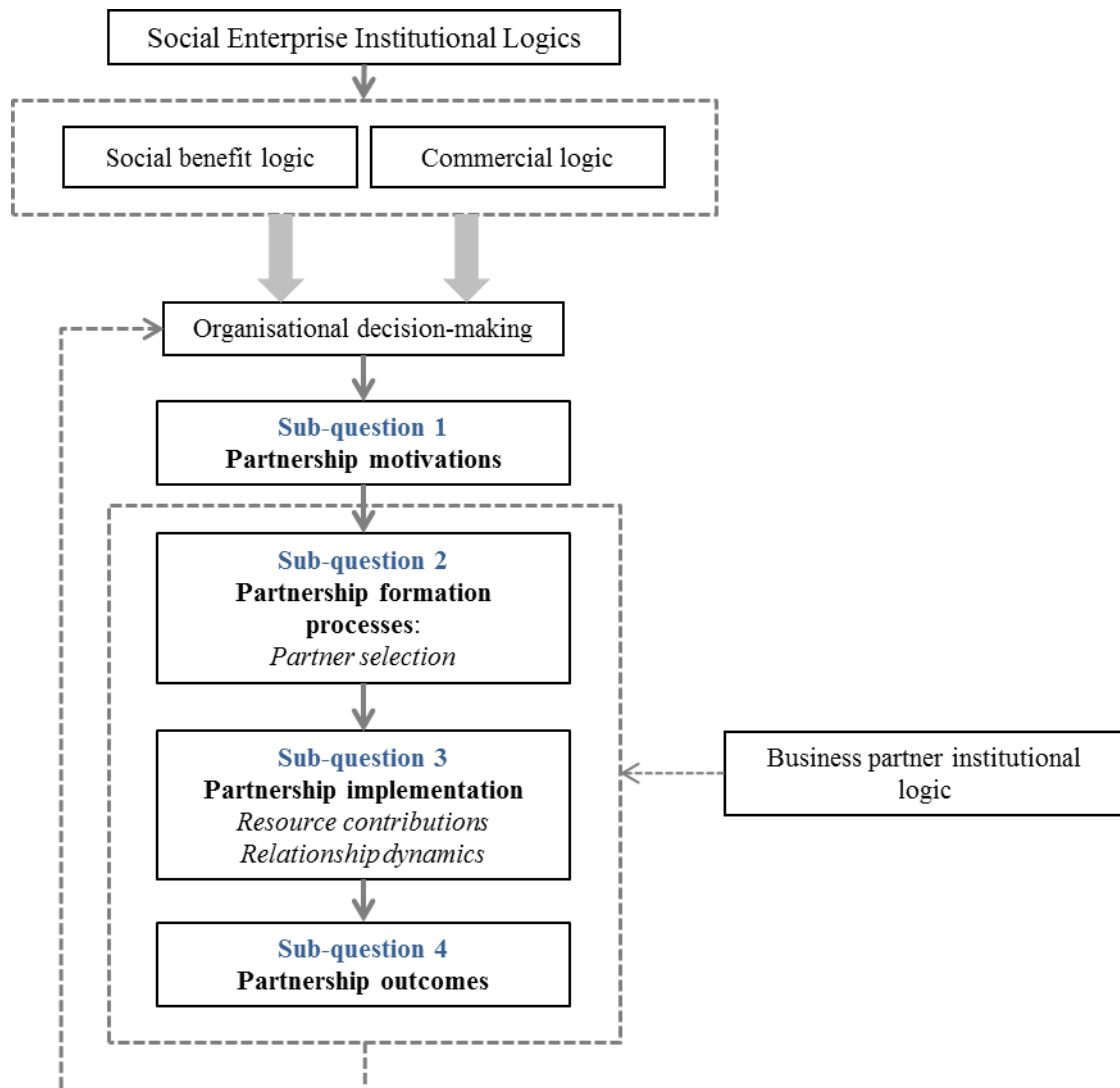
In conclusion, this chapter has presented the study's findings regarding social enterprise actions and decision-making during specific phases of partnership with business organisations. The research findings were presented according to the four research sub-questions developed in Chapter 3, and outlined within the research framework (Figure 1). The research findings illustrate that the social benefit and commercial logics of social enterprises focused the allocation of attention of decision-makers differently according to the stage of partnership and the activities undertaken. Next, Chapter 6 will analyse the findings in reference to extant literature regarding SE-BUS partnerships, and will discuss the implications of this research for social enterprise partnership theory, practice and future research.

## **Chapter 6 – Discussion and Conclusion**

### **6.1 Chapter objectives**

This purpose of this chapter is to provide a discussion of the findings presented in Chapter 5 in relation to the literature discussed in Chapters 2 and 3. Consistent with preceding chapters, the following analysis is structured around the four sub-questions detailed in the Research Framework (Figure 8), which relates to the four stages of partnership identified in Section 3.7.1: partnership motivations, partnership formation processes, partnership implementation and partnership outcomes. The chapter will analyse the research findings relating to each partnership stage, after which the overarching research question will be addressed. Following this, implications of the research for theory and practice will be discussed, along with the implications for future research. The thesis will then conclude.

This research utilised a qualitative collective case study strategy to explore social enterprise partnership actions and decision-making. The goal of the research was to explore how institutional complexity arising from the combination of institutional logics from social enterprises and their business partners both influenced the decision-making undertaken, but also partnership experiences and outcomes. These different foci are represented within the research framework (refer to Figure 1, replicated on page 177).



**Figure 1 - Research Framework (replicated from page 64)**

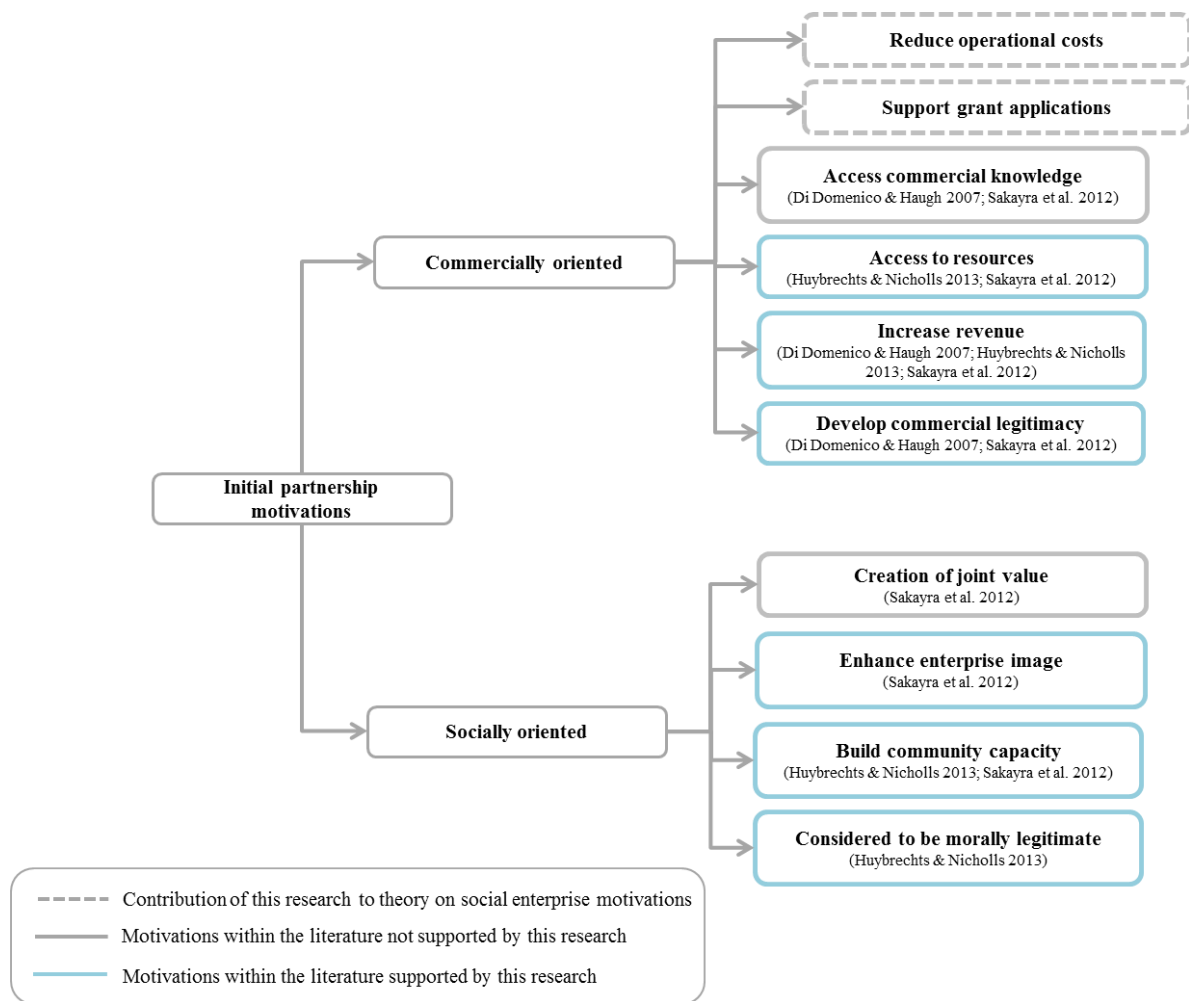
## 6.2 Discussion of the results in relation to research sub-question one

The purpose of research sub-question one was to explore the motivations influencing social enterprises to develop partnerships with businesses. Specifically, the question asked:

*How are the multiple logics of social enterprises evident within their motivations to develop partnerships with business organisations?*

The research illustrates that as organisations that span both community and market institutional fields, social enterprises are motivated to develop partnership with business due to factors associated with both a social benefit and commercial logic. From this

analysis, Figure 8 has been created to provide a representation of the motivations explored within this research and their correlation with existing social enterprise partnership theory. The following discussion will clearly outline how the findings of the research contributes *new* insights into social enterprise partnership theory (6.2.1), as well as how it *expands* (6.2.2) and *confirms* (6.2.3) existing knowledge.



**Figure 8 - Comparison between research findings and existing literature on social enterprise partnership motivations**

### 6.2.1 Development of new knowledge regarding SE-BUS partnership motivations

This research contributes a number of new insights into the motivations driving social enterprises to develop partnerships with business organisations. The research illustrates social enterprises may seek partnerships with businesses in order to reduce operational costs, often achieved through the contribution of discounted goods and services from the business partner. Reflecting the increasing pressure on social enterprises to be

commercially viable (Weerawardena & Mort 2006), this motivation demonstrates the commercial logic of social enterprises, which recognises the importance of operating efficiently. In practical terms, these findings suggest that the contribution of direct financial support is not the only avenue through which businesses may support social enterprises within partnership, and that social enterprises may also seek partners that are able to add value through discounted products and services.

The second way in which this research contributes to social enterprise partnership knowledge is to illustrate that social enterprise partnership motivations may be shaped by political discourse. Within this research, the formation of partnerships with business organisations formed part of a broader strategy of social enterprises to access government funding, whereby partnership with business organisations was perceived to enhance the success of grant funding applications at a state government level (Table 3). This motivation reflects wider political discourse which emphasises the importance of collaboration between community sector and private sector organisations (Department of Prime Minister and Cabinet 2014; Giguere & Considine 2008; Levitt 2012).

The third key contribution of this research to social enterprise partnership knowledge is to demonstrate that the motivations of social enterprises are dynamic and may change over time. These findings challenge existing theory into partnership motivations, which have typically been researched in relation to their role in driving initial partnership formation (Di Domenico & Haugh 2007; Huybrechts & Nicholls 2013; Sakarya et al. 2012). This research provides an alternative perspective, illustrating that partnership motivations may evolve over the course of the relationship to involve greater levels of strategic awareness and planning in relation to both organisational and partnership objectives (see Section 5.2.4). The findings illustrate that initial partnership motivations may be opportunistic and reflect short-term enterprise goals, however, the motivations driving the continuance of the relationship over time reflect greater focus upon longer-term commercially strategic objectives of the social enterprise, including the desire to develop long-term relationships that generate shared value for both partners.

The final way in which this research contributes to social enterprise partnership knowledge is to demonstrate that the prioritisation of social benefit and/or commercial logics within social enterprise decision-making is affected by organisational characteristics, such as the

stage of enterprise development, as well as the enterprise model utilised. For example, while existing literature has assumed that social enterprise partnership decision-making is strongly influenced by altruistic principles associated with their social benefit logic (Austin 2000; Diochon & Anderson 2011; Gray & Purdy 2013), this research illustrates that when challenged by resource scarcities, social enterprises may prioritise their commercial logic within decision-making (see Section 5.2.3). This prioritisation represents a conscious effort on the part of social enterprises to develop their financial sustainability, for doing so supports the capacity of social enterprises to achieve their social objectives.

The second organisational factor found in this research to influence the prioritisation of institutional logics within partnership decision-making is the degree of integration between social programs and commercial activities (see Section 5.2.3). The findings illustrate that in social enterprises in which social and commercial objectives are simultaneously achieved, the enterprise had greater freedom to prioritise commercial logic within decision-making as this prioritisation would also achieve social objectives. As such, the research develops greater insight into the way in which different institutional logics are balanced internally within social enterprises.

### ***6.2.2 Expansion of existing knowledge regarding SE-BUS partnership motivations***

The study expands existing knowledge of SE-BUS partnership motivations in a number of ways. Firstly, the research expands current theory by illustrating that, contrary to prior research (see Di Domenico & Haugh 2007; Sakarya et al. 2012), the desire to access business knowledge may not be a factor influencing social enterprises to form partnerships with businesses. The absence of this motivating factor within this study may reflect the developing nature of the participating enterprises, which necessitated a focus upon the development of partnerships that were able to fulfil specific financial and resource requirements. The absence of this motivation may also illustrate the lack of strategic partnership planning evident within the social enterprise partnership approaches, and a consequent focus upon shorter-term goals that aimed to enhance organisational sustainability.

The desire to create value for both partners within the collaboration is another motivation identified within the literature (see Sakarya et al. 2012), which did not arise within this



research. The concept of shared value within partnership reflects the growing shift within cross-sector partnerships towards the development of relationships that involve the meaningful generation of value for both partners (Porter & Kramer 2011), as opposed to more philanthropic arrangements in which the non-profit/social enterprise is the receiver of business support. However, the ability for partnerships to generate shared value requires the joining of partners that have meaningful resources to share. As discussed by a number of participants, internal resource scarcities associated with the developing nature of the social enterprises restricted their capacity to contribute resources that would enable the creation of shared value between partners. Furthermore, the emergent nature of the social enterprises studied, combined with their lack of resources, focused their attention upon short-term gains, as opposed to longer-term strategic relationship objectives. The focus upon short-term strategic goals reflects research by Sakarya et al. (2012), which suggests that younger social enterprises are less likely to be interested in, or able to, develop relationships that generate joint value.

### ***6.2.3 Confirmation of existing knowledge regarding SE-BUS partnership motivations***

This research provides empirical support for a number of partnership motivations identified within extant literature. The findings are consistent with prior literature which suggests that social enterprises seek to form partnerships with business organisations as the means through which to build community capacity (see Huybrechts & Nicholls 2013; Sakarya et al. 2012). In this research, social enterprises sought partnerships that would enhance the delivery of training, education and employment programs and opportunities for their beneficiaries (see Section 5.2.2). These forms of community capacity were also found in research undertaken by Sakarya et al. (2012) which involved social enterprises from sectors and program areas such as education, children and youth, health, environmental conservation and economic development. In contrast, the creation of community capacity within Huybrechts and Nicholls' (2013) research involved enhancing the livelihood of fair-trade producers by enhancing sales volume. These findings therefore illustrate that social enterprises across a range of different industries and sectors may consider partnerships with business an important strategy through which to generate positive outcomes for beneficiaries supported.

The second way in which this research supports existing knowledge is by confirming the importance of partnerships for the social image of the enterprise. For example, as suggested by Sakarya et al. (2012), partnerships were found to be a strategy utilised to enhance the social image of the enterprise and increase awareness of the social activities and programs offered to beneficiaries. Similarly, as indicated by Huybrechts and Nicholls (2013), partnerships were considered by the enterprises in this study to be the right strategy to utilise when seeking to create positive social outcomes for those in need.

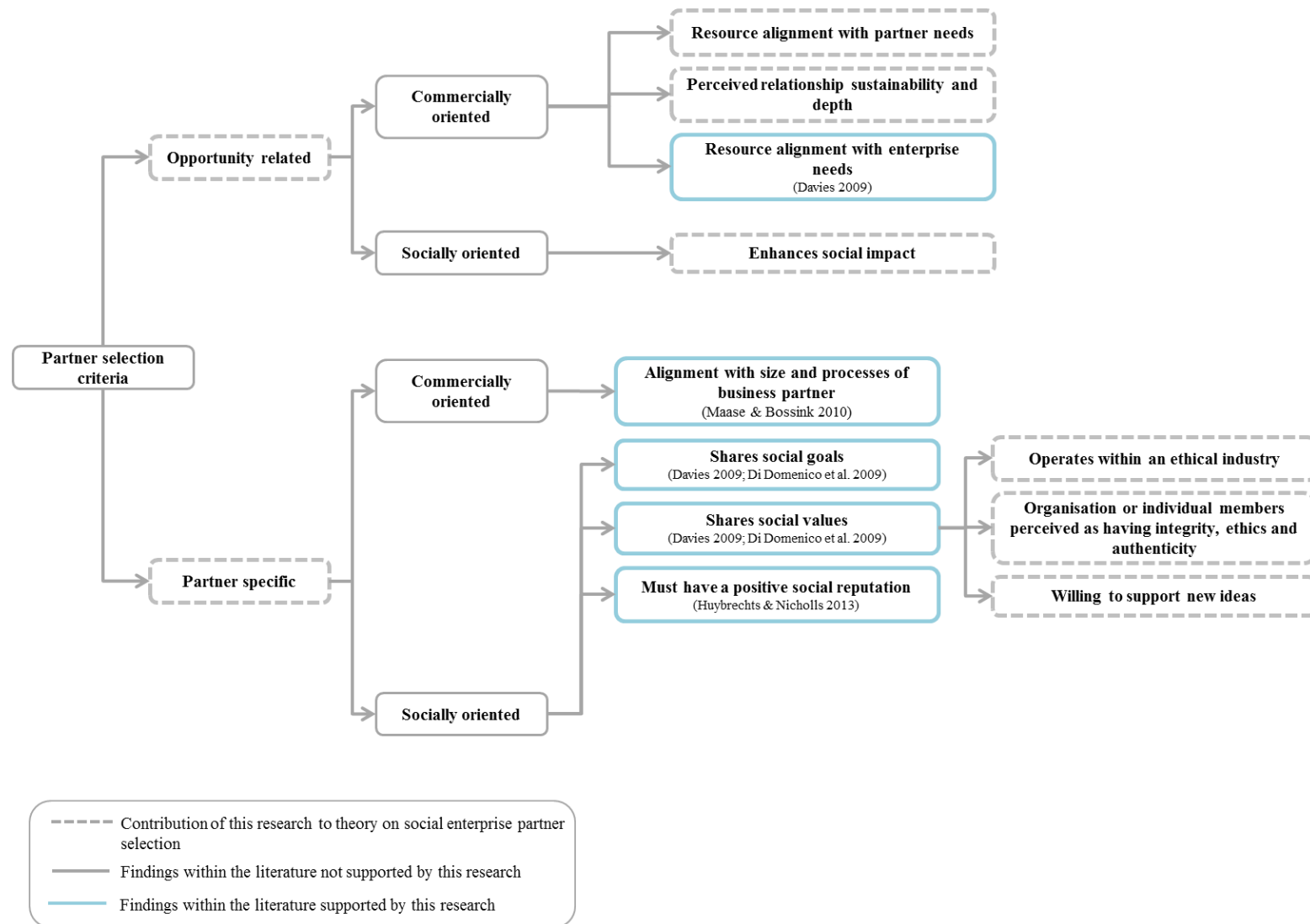
The final way in which this study contributes to the understanding of social enterprise partnership motivations is by confirming a number of commercial factors considered by social enterprise when seeking partnership. The findings reflect prior research which suggests that social enterprises form partnerships as the means to gain access to commercial resources such as business equipment, infrastructure, as well as revenue in the form of income or funding (Di Domenico & Haugh 2007; Sakarya et al. 2012). Furthermore, partnerships were also sought as a means through which to build the commercial legitimacy of the enterprise, developed through demonstrating adherence to ‘business’ practices and activities (see Section 5.2.1). In addition, commercial legitimacy was also considered to be associated with the capacity to produce commercially valuable goods and services (Di Domenico & Haugh 2007; Sakarya et al. 2012), which could compete effectively with the offerings of ‘mainstream’ business competitors. The findings demonstrate that, in striving to establish commercial legitimacy, social enterprises strove to achieve separation from negative stereotypes perceived to exist regarding the capabilities of the individuals supported, which included disabled workers and individuals from refugee communities.

### **6.3 Discussion of the results in relation to research sub-question two**

The purpose of research sub-question two was to explore how social benefit and commercial institutional logics were evident within the decision-making undertaken by social enterprises when assessing and selecting potential business partners. Furthermore, the question also sought to understand how social enterprises assessed business partner characteristics within such decisions. Specifically the question asked:

*How are the multiple logics of social enterprises evident within their evaluation and selection of business partners?*

Figure 9 has been developed to provide a representation of the research findings, illustrating how they align with existing literature in this field. The following discussion will clearly outline how this study contributes *new* insights into theory on social enterprise partner selection (6.3.1), as well as *expands* (6.3.2) and *confirms* (6.3.3) existing knowledge.



**Figure 9 - Comparison between research findings and existing literature on social enterprise partner selection strategies**

The selection of partners is a particularly complex process for social enterprises. Unlike other organisations that are guided by a single dominant logic, social enterprises must negotiate between multiple and often contrasting logics (Battilana & Lee 2014; Dacin et al. 2010; Garrow & Hasenfeld 2012; Mazzarol et al. 2013; Seanor et al. 2007). The selection of business partners therefore requires social enterprise managers to ensure maximum fit (Austin & Seitanidi 2012b), which involves assessing the alignment with both the strategic and altruistic goals of the social enterprise.

### ***6.3.1 Development of new knowledge regarding social enterprise partner selection***

This research contributes a number of new insights into the partner selection decision-making of social enterprises. This research is some of the first within the social enterprise literature to demonstrate that social enterprises evaluate potential partners according to organisational fit at two levels of analysis – the opportunity level and organisational level (see Section 5.3.1). These different levels reflect the distinction made by Graddy and Ferris (2007) in their research into public-private alliances, which found that partner selection decision-making involved the evaluation of the potential strategic benefits to be gained from partnership, as well the behavioural risks associated with potential partner behaviour. Within this research, considerations of strategic benefits were evident when assessing the proposed partnership opportunity and the resource required, whilst organisational level fit involved the analysis of both the behaviour and values of potential business partners. In addition to providing a distinction between different decision-making levels, this research also illustrates that the social benefit and commercial logics of social enterprises may be emphasised differently according to the level of decision-making. For example, assessments of partner fit at the opportunity level predominantly emphasised strategic objective aligned with a commercial logic, such as resource alignments and return on investment. In contrast, partner fit at the organisational level emphasised alignment between the social values and goals of partners (see Section 5.3.3). These findings therefore illustrate that the selection of business partners is a complex process that involves the consideration of a number of factors across multiple levels.

The second way in which this research contributes new insights into social enterprise partner selection theory is by demonstrating the importance placed by social enterprises upon the alignment of organisational capabilities with the needs, processes and resources

required by the partnership to generate strategic benefits. Extant research has identified the commercial pragmatism of social enterprises, highlighting their tendency to partner with organisations that are able to fulfil their resource and competency needs (Davies 2009). In contrast, this study found that this commercial pragmatism may also occur in reverse, extending to considerations regarding the alignment between the resource capabilities of the social enterprise and the needs of the business partner. In order to protect the resource viability of the enterprise and its ability to effectively function, social enterprises assessed the nature and intensity of resource contributions required within potential partnership arrangements (see Section 5.3.2.1). As the findings illustrate, in situations where the enterprises were unable to meet the needs of their business partners, partnership opportunities were declined. Partnerships were also declined in situations where the anticipated outcomes of partnership were not perceived to provide sufficient return on investment for the time and energy that was anticipated to be required for partnership establishment and maintenance. This was particularly important for social enterprises struggling with issues of sustainability, which did not want to risk wasting limited resources. Resource scarcity was also shown to restrict the depth of relationship entered into, with philanthropic arrangements being preferred in conditions where the social enterprise was perceived to lack the resources required to maintain the relationship.

The third way in which this research extends understanding of social enterprise partner selection decision-making is by demonstrating how the social benefit logic of social enterprise impacts partnership decision-making at the opportunity level. The findings illustrate that potential partnership opportunities were assessed according to their perceived ability to support the generation of desired social outcomes, a core goal of social benefit logic, and a reflection of the socially oriented motivations discussed earlier. The need for partnership opportunities to generate desired social outcomes should be no surprise given the social objectives of these enterprises, particularly given their altruistic motivations for partnership (see Section 5.2.2). However, whilst extant literature has highlighted the altruistic motivations underpinning social enterprise partnership strategies (see Di Domenico et al. 2009), research has yet to address these objectives in relation to partner selection criteria. This research bridges this gap, and in doing so illustrates that the ability for partnership to support the achievement of desired social outcomes is a criterion considered to be important to social enterprises, even in partnerships with a strong commercial orientation, such as those studied within this research.

### ***6.3.2 Expansion of existing knowledge regarding social enterprise partner selection***

This research builds upon extant literature regarding social enterprise partner selection decision-making in a number of ways. First, the research reinforces prior research regarding the importance of potential business partners sharing the social values of the enterprise (see Davies 2009; Di Domenico et al. 2009; Maase & Bossink 2010). Social enterprises within this research sought partners that shared the values underpinning their social benefit logic, which involved illustrating the belief that actions undertaken to benefit those that are underprivileged are worthwhile and valuable. This research extends conceptualisations regarding the alignment of social values by providing greater insight into the types of social values analysed by social enterprises. The research illustrates that social value alignment for social enterprises may incorporate considerations of the industry-based practices of potential partners, the integrity and authenticity of business partner actors within partnership interactions, as well as the willingness of the business organisation to support new innovative ideas regarding social value creation (see Section 5.3.3.2). The alignment across the two former components was demonstrated to be particularly important within selection decisions, forming the basis upon which potential relationship opportunities were declined. As such, the findings illustrate the perceptions of social enterprises regarding the alignment of social values is multifaceted, and involves assessing the manifestation of these values within both organisational and individual behaviour and practice.

The second way in which this research builds upon existing knowledge is to illustrate the contextuality involved in the prioritisation of different institutional logics within social enterprise decision-making. The findings provide empirical support for propositions within extant literature suggesting that social enterprises may avoid partnering with businesses that do not share the altruistic values underpinning their social benefit logic, regardless of the commercial benefits to be gained (Di Domenico et al. 2010). Importantly however, the findings demonstrate that contextual variables may influence the importance of the alignment of social values within partnering decisions. As outlined in Section 5.3.2.3, in conditions of great resource need, social enterprises may prioritise the attainment of financial and commercial resources over the alignment of social values. In fact, when challenged with sustainability issues, social enterprises may engage in partnerships with business organisations on the basis of support provided for their commercial sustainability,

despite reservations regarding the alignment of social values between partners. Alternatively, the findings suggest that social enterprises with greater resource strengths illustrated a stronger capacity to balance social benefit and commercial logics within decision-making, and may even prioritise social alignment at the organisational level.

This research also contributes valuable insight into social enterprise decision-making by illustrating that misalignment between altruistic values of partners may not be the only type of misalignment that inhibits the formation of SE-BUS partnerships. For example, as detailed in Section 5.3.2.1, the perceived inability of the social enterprise to fulfil partner requirements was shown to constrain partnership efforts. These findings, combined with the discussion above, provide a clear illustration of the influence of organisational factors such as the level of enterprise maturity upon the manner in which institutional logics are enacted within social enterprise decision-making. Furthermore, they illustrate the importance of understanding the impact of such contextual factors when seeking to understand the manner in which social enterprises reconcile and manage their contrasting logics within organisational decision-making.

The final way in which this study supports existing theory is to demonstrate the informality of social enterprise partnership decision-making. The findings of this research support observations made by Huybrechts and Nicholls (2013) regarding the likely informality of social enterprise partner selection decision-making. As illustrated within Section 5.3.1, only one social enterprise had formalised partner selection processes in place, with the remaining enterprises relying upon the intuition of key decision-makers in the assessment of potential partners. Given the role of key decision-makers in determining how institutional logics are interpreted and acted upon internally (Greenwood et al. 2011), further research is required to better understand how key decision-makers within social enterprises balance the complex demands and pressures that arise from conditions of institutional complexity.

### ***6.3.3 Confirmation of existing knowledge regarding social enterprise partner selection***

This study offers further insights into social enterprise partnership literature by confirming existing research into the criteria applied by social enterprise when selecting potential business partners. The first way in which they do this is by supporting previous findings



that highlight the tendency for social enterprises to seek business partners with resource strengths which are compatible with the social enterprise's resource needs (Austin & Seitanidi 2012b; Davies 2009). The emphasis upon resource compatibility within partner selection criteria reflects the motivation of social enterprises to form partnership as the means through which to support the needs and activities associated with their business operations (see Section 5.3.2.1). These findings therefore further highlight the role of commercial logic in guiding social enterprise partner selection decision-making.

The second way in which this research confirms extant literature is by illustrating that the size and management processes of potential business partners may be a factor considered by social enterprises when selecting business partners. According to Maase and Bossink (2010), the difference in decision-making speeds between larger bureaucratic organisations and smaller organisations can be challenging for social enterprises to manage. These findings are supported by this study, which demonstrates that differences in decision-making speeds were a factor considered by social enterprises in this research. As expressed by case participants, social enterprises preferred working with smaller organisations as this enhanced decision-making efficiencies. Furthermore, partnerships with smaller business organisations was a strategy through which the social enterprise could minimise potential for power imbalances arising as a result of the perceived lack of business sophistication within social enterprise decision-making and operational processes (see Section 5.3.3.1).

In addition to considerations of organisational size, this study provides empirical support for existing literature which suggests that social enterprises also consider the alignment of values and goals to be important to the achievement of 'big picture' social outcomes (Maase & Bossink 2010), and also the development of trust between partners (Davies 2009). The findings demonstrate that in order to maximise the potential for the co-creation of social value, social enterprises sought to partner with business organisations with similar social goals (Austin & Seitanidi 2012b). Potential partners were required to illustrate an empathy and support for core social enterprise philosophies regarding the importance of empowerment and capability enhancement of social enterprise beneficiaries (see Section 5.3.3.2). Social alignment was also important in the context of partner reputations, supporting prior research by Huybrechts and Nicholls (2013), which concluded that social enterprises will avoid engaging with businesses with a negative reputation, as doing so protects perceived legitimacy with social stakeholders. As this

research illustrates, partnerships with business organisations perceived to challenge the social legitimacy of the social enterprise were considered risky and were therefore declined.

## **6.4 Discussion of the results in relation to research sub-question three**

The purpose of research sub-question three was to explore the influence of both the social benefit and commercial logics upon the processes undertaken during the implementation of SE-BUS partnerships, as well as the partnership dynamics developed between partners. The question asked:

*How does the combination of social enterprise and business partner institutional logics affect partnership implementation processes such as the sharing of resources between partners, and the partnership dynamics that emerge?*

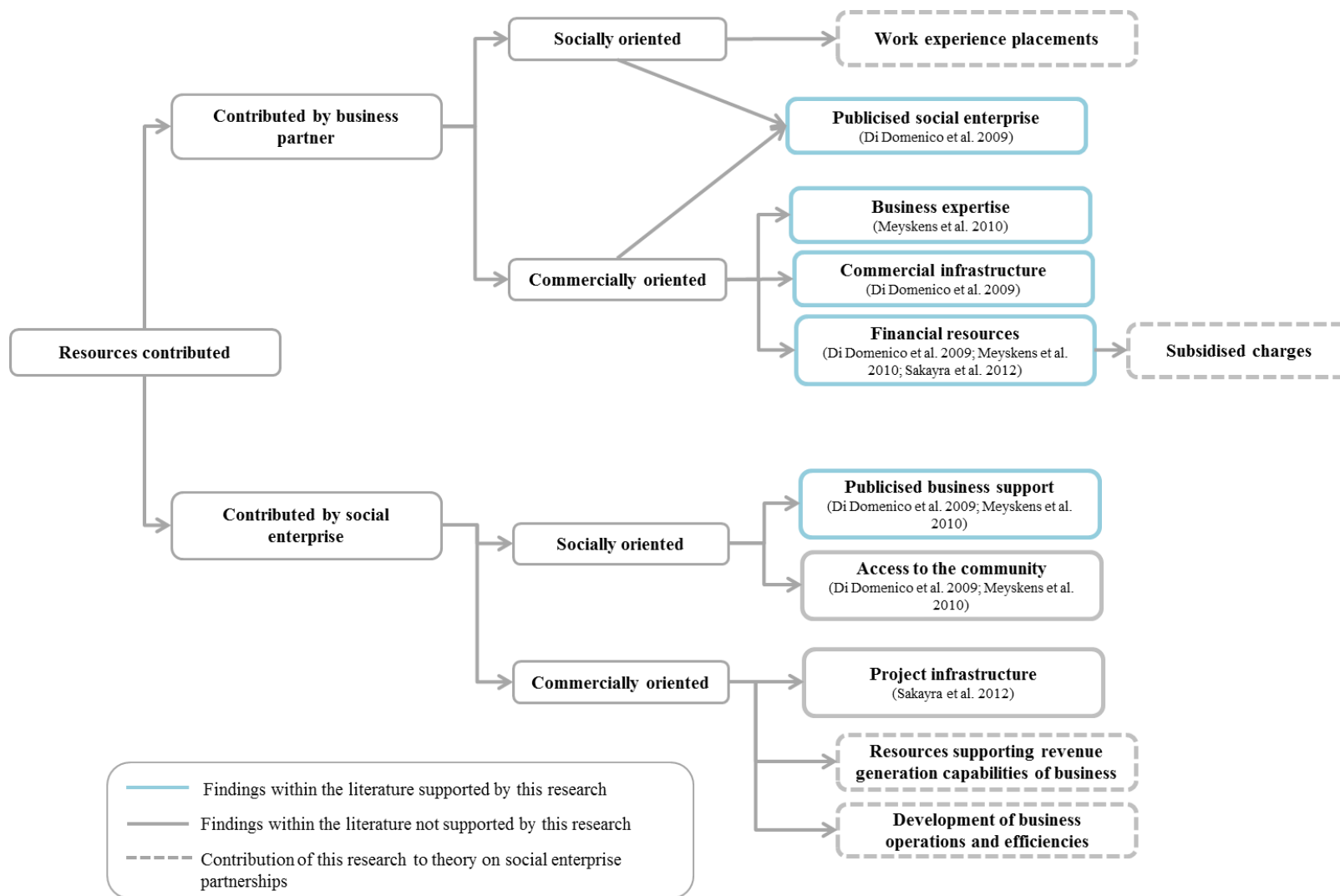
As outlined in Chapter 3 (Section 3.7.4), the process of partnership implementation and the dynamics that develop between partners affects relationship success and the creation of beneficial outcomes for partners (Seitanidi & Ryan 2007). Within this research, two elements to partnership implementation were explored – resource contributions and relationship dynamics arising from the combination of social enterprise and partner institutional logics. The following discussion addresses each of these elements in relation to their contribution to existing literature.

### **6.4.1 Resource contributions**

The resources contributed within SE-BUS partnerships reflect the core competencies of the organisations, and the institutional logics guiding actions and decision-making. It is important to understand the resources shared within partnerships, as the exchange capabilities of partners can influence the power dynamics that develop.

Within this research, a number of resources were shared between social enterprises and their business partners. The way in which these findings reflect prior theory is illustrated in Figure 10. The following discussion will clearly outline how this study contributes *new*

insights into theory on SE-BUS partnership contributions (6.4.1.1), as well as *expands* (6.4.1.2) and *confirms* (6.4.1.3) existing knowledge.



**Figure 10 - Comparison between research findings and literature on resource contributions within SE-BUS partnership**

#### 6.4.1.1 Development of new knowledge regarding resource contributions within SE-BUS partnership

The findings of this research provide a number of new insights into the resource contributions that arise within SE-BUS partnerships. First, the research demonstrates that in addition to contributions of financial resources and support, business partners may also share resources that support the social programs of social enterprises. This knowledge challenges current theory which has primarily associated the exchange value of businesses with their ability to contribute commercially oriented resources within their partnerships with social enterprises (Di Domenico et al. 2009). This research demonstrates that in addition to sharing their commercial resource strengths, business organisations may support the social goals of social enterprises by providing placement opportunities for enterprise students. Doing so helped the social enterprises achieve their goals of empowering their students by enhancing their skills and knowledge and in doing so, improving their future job prospects.

The second way in which this research contributes new insight into social enterprise partnership theory is by illustrating that the exchange value of social enterprises incorporates their ability to contribute resources that support the operations, efficiencies and revenue generation capabilities of business partners. These findings are significant as they challenge existing assumptions regarding the value of social enterprises as potential partners, which have centred upon the ability for business partners to leverage the social legitimacy of social enterprises to enhance their socially responsible image (Di Domenico et al. 2009; McElhaney 2009; Pivato et al. 2008). This research provides a different illustration, demonstrating that, as commercially active organisations, the exchange value of social enterprises is also based upon skills and competencies associated with their commercial logic. As such, social enterprises are capable of providing quality goods and services that support the revenue generation capabilities of their business partners. Furthermore, social enterprises may also support the development of their business partners' business model, including the contribution of resources that enhance the operational efficiencies of the businesses. Therefore, given that a desire for business organisations is to enhance their return on CSR investments (Husted 2003), these findings suggest that partnerships with social enterprises have the potential to achieve these aims.

#### 6.4.1.2 Expansion of existing knowledge regarding resource contributions within SE-BUS partnerships

This research extends existing literature regarding the contribution of resources within SE-BUS partnerships in a number of ways. First, the research develops understanding of the types of commercial resources contributed by businesses within partnerships with social enterprises. Consistent with extant research, this research illustrates that business partners most commonly support social enterprises by providing access to funding and infrastructure (Di Domenico et al. 2009; Meyskens et al. 2010b; Sakarya et al. 2012). For the social enterprises within this study, such support was given in the form of grant funding, contributions of equipment and building materials, as well as through contractual arrangements that supported earned income strategies of the social enterprise. This research expands extant knowledge to illustrate that financial support may also be provided to social enterprises in the form of discounts on the products and services delivered by the business partners. These discounts were given in situations where the value of the resources contributed was not able to be fully discounted by the business partner, as doing so would have been too great a loss for the business.

A number of resource contributions identified within existing literature did not arise in the partnerships studied within this research. For example, contrary to the findings of Meyskens et al. (2010a), social enterprises within this research did not exchange local community knowledge or social capital with their partners. Furthermore, social enterprises were not found to be the key providers of organisational infrastructure, expertise and networks sufficient to complete social projects, as was the case in research undertaken by Sakarya et al. (2012). The absence of the above resource contributions may reflect differences between extant literature and this research in relation to the nature of partnership studied, the industry of social enterprise operations, as well as social enterprise maturity. These factors will be explained further below.

The partnerships studied within this research were commercially oriented in nature, characterised by contractual agreements that involved the exchange of quality goods/services between partners. These partnerships therefore differ in nature to the relationships studied by Sakarya et al. (2012), which adopted non-economic partnership objectives that were focused on improving social welfare. These findings therefore suggest

that the operation of partnerships focused on the joint achievement of specific social objectives may require a greater contribution of resources by social enterprises than partnerships oriented towards the exchange of commercial goods/services.

Differences in the industry of social enterprise operation may also provide explanatory value when understanding the variance in resource contributions within SE-BUS partnership. For example, research undertaken by Meyskens et al. (2010a) examined microfinance social enterprises partnering with financial institutions. According to their findings, social enterprises provided their finance partners with access to community clients who did not qualify for social enterprise support. In contrast, the partnerships studied in this research did not experience the same level of industry alignment, with the majority of partner organisations operating outside the education and training sector. As a result, social enterprises in this research were more likely to provide their partners with access to future employees, rather than access to potential clients and customers.

Additional insight may also be gained by considering the impact that the maturity of the enterprises may have on the types of resources exchanged in partnership. For the majority of enterprises in the study, their 'key' partnerships were developed during a phase of establishment and start-up. The resources required from business partners are therefore likely to reflect needs associated with their establishment, and specific challenges faced (similar to those of SME entrepreneurial enterprises) (Lyon & Ramsden 2006). For example, the lack of volunteer utilisation may reflect these conditions. Although not a common resource exchanged within the relationships studied, the use of volunteers was discussed by participants from Cases D and E as being offered by their business partner. However, due to the small size of the social enterprises, many did not have the resources required to manage volunteers within the enterprise usefully. The lack of knowledge exchanges from business partners may also reflect the focus of social enterprises upon shorter-term operational requirements, as opposed to longer-term strategic goals. However, as the findings illustrate, the types of resource exchanges may evolve with the capabilities of the social enterprise. For example, the development of Case E's partnership led to a five year lease agreement being developed, which involved a stronger emphasis upon the creation of direct social outcomes, with greater knowledge contributions to be made by the business partner.

In summary therefore, these findings develop existing theory by illustrating that resource contributions within SE-BUS partnership may be affected by a number of contextual factors, including enterprise maturity, industry of operation, and partnership focus. Further exploration is needed into how these organisational factors may filter the interpretation of institutional logics within social enterprise.

#### 6.4.1.3 Confirmation of existing knowledge regarding resource contributions within SE-BUS partnerships

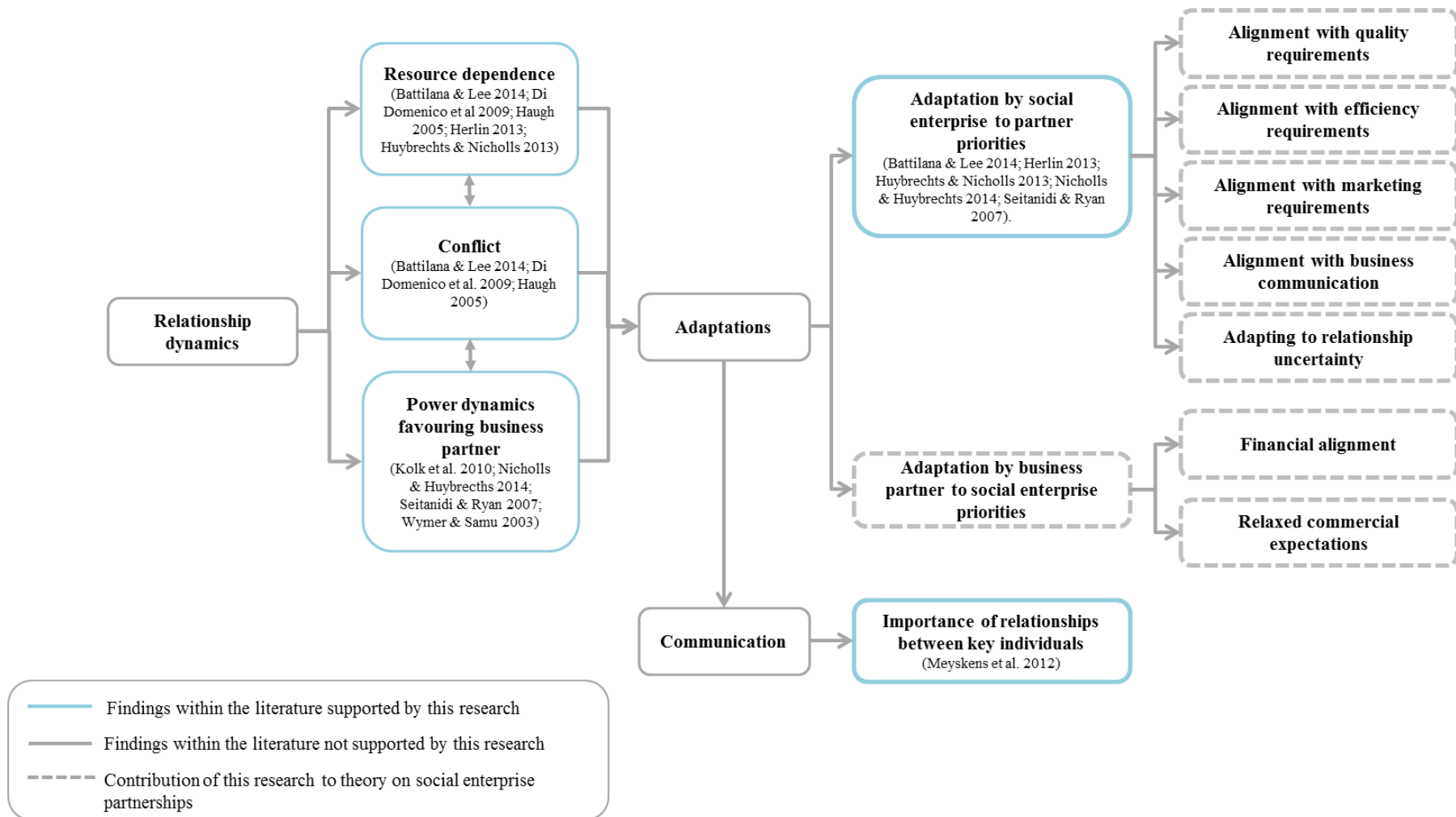
This research provides empirical support for a number of resource contributions discussed within existing social enterprise partnership theory. Consistent with research undertaken by Meyskens et al. (2010a), this research illustrates that partnerships with profit-oriented businesses may provide social enterprises with knowledge relating to strategic management and operational development, and may also provide social enterprises with publicity that enhances their social and commercial legitimacy. As such, these findings provide empirical support for propositions made by Di Domenico et al. (2009) regarding the exchange value of social enterprises and their business partners. For social enterprises, enhanced social legitimacy was perceived to develop from increased publicity about social programs and activities, whilst association with their business partners was perceived to enhance the image of the social enterprise as capable business partners. Social enterprises, on the other hand, were able to add value to their business partners through developing their social legitimacy.

This research further develops SE-BUS partnership theory by providing further support for propositions made by Di Domenico et al. (2009) regarding the exchange value of business partners. According to these authors, businesses provide value within their community partnerships through providing access to commercial infrastructure. As this research demonstrates, business partners supported the commercial sustainability of social enterprise through providing access to machinery and other forms of infrastructure that were used within revenue generation activities of the enterprise. In many cases, social enterprises were not able to undertake their commercial activities without access to the infrastructure provided by their partners. For example, access to a location within their partner's retail complex was pivotal to Case E's survival and ongoing development (see Section 5.5.1).



#### **6.4.2 Partnership dynamics**

Cross-sector partnerships between community sector organisations and businesses are widely acknowledged as being complex arrangements (Austin & Seitanidi 2012a; Austin 2000; Bryson et al. 2006), as they bring together organisations with contrasting logics, requiring them to work together to achieve specified outcomes. Figure 11 outlines the findings of this research in relation to the relationship dynamics that arose within the relationships studied, illustrating how these findings correspond with existing research in this field. The following discussion will discuss these contributions in greater depth, illustrating how this study contributes *new* insights into the dynamics that exist within SE-BUS partnerships (6.4.2.1), whilst also addressing how this research *expands* (6.4.2.2) existing knowledge.



**Figure 11 - Comparison between research findings and literature on relationship dynamics within SE-BUS partnership**

#### 6.4.2.1 Development of new knowledge regarding SE-BUS partnership dynamics

This research contributes a number of new insights into the dynamics that exist within SE-BUS partnerships. First, the research demonstrates that SE-BUS partnerships may be characterised by conditions of relative equity between partners. These findings challenge existing literature, which has typically characterised SE-BUS partnerships as involving the dominance of business partner values and objectives within the partnership (Di Domenico et al. 2009). Contradicting these assumptions, this research illustrates that the ability for social enterprises to leverage an exchange value that incorporates capabilities and skills associated with both social benefit and commercial logics enables them to contribute more strategically to the commercial goals of business partners. The capability to provide greater return on investment for their business partners therefore empowers social enterprises to establish positions of greater equity in relationships that develop. These findings are significant for two reasons. First, they differentiate SE-BUS partnerships from partnerships that form between non-profits and business organisations, which research has shown are characterised by power imbalances (Di Domenico et al. 2009). Secondly, they provide insights into how social enterprise hybridity may affect the power dynamics that develop in business partnerships, and the different types of value that may be leveraged by partners.

The second way in which this research contributes to social enterprise partnership theory is by developing new insights into the behaviour of business organisations when partnering with social enterprises. The findings demonstrate that business partners may adapt their behaviour to support the social and commercial goals of the enterprise, at times compromising aspects of their commercial logic in order to do so. These findings are significant, as previous research has typically assumed that business organisations hold positions of power within their relationships with community organisations (Huybrechts & Nicholls 2013; Wry et al. 2013), which are more likely to adapt their behaviour in order to fulfil the commercial objectives of their business partners (Battilana & Lee 2014; Herlin 2013; Huybrechts & Nicholls 2013; Nicholls & Huybrechts 2014; Seitanidi & Ryan 2007; Wry et al. 2013). The findings of this research provide an alternative perspective, illustrating that SE-BUS partnerships may involve *reciprocated* adaptations by both social enterprises *and* their business partners, particularly in relationships characterised by the balance of power between partners. Business partners adapted elements of their commercial logic by sacrificing profits in order to accommodate the needs of social

enterprise partners, as well as by relaxing expectations in relation to the adherence to regulations relating to the standard of retail aesthetics (see Section 5.4.3.3). As such, the findings illustrate that business partners may be willing to compromise elements of their commercial logics in order to support the social goals of the enterprise, and ensure the longevity and success of the relationship overall. Given the focus of this research was upon social enterprise partnership experiences, further research is required to explore partnership experiences from the perspective of the business partner. Doing so will provide greater understanding of how business partners may adapt their behaviour to better align with the needs of their social enterprise partners.

#### 6.4.2.2 Expansion of existing knowledge regarding partnership dynamics within SE-BUS partnerships

As highlighted by this study, SE-BUS partnerships are inherently complex arrangements which are characterised by differing experiences of power, relationship conflict and organisational adaptations. This knowledge has a number of implications in relation to the approaches undertaken the conceptualisation of SE-BUS partnerships, as well as the design of future studies that seek to explore these arrangements in greater depth. Some of the ways in which this research challenges and expands current assumptions within the social enterprise partnership literature will be discussed below.

These findings support propositions within the literature regarding the likely dependence of social enterprises upon the resources of their business partners (see Battilana & Lee 2014; Nicholls & Huybrechts 2014). As the findings of this research have demonstrated, social enterprises may be reliant upon the commercial resources provided by their business partners. This dependence is most clearly illustrated within the analysis of partnership motivations and partner selection criteria, both of which have emphasised the commercial logic of the enterprise as a driving force in the development of partnership, as well as the selection of business partners. In one of the partnerships studied, the need for financial support from the business partner dominated partnership decision-making, leading to conditions in which the social benefit logic of the enterprise was perceived to be dominated by the commercial objectives of the partner (see Section 5.4.3.2), which had led to the creation of conflict within the relationship. The experiences of this one case is consistent with extant literature, which highlights the possibility for social enterprise

dependence upon partner resources to lead to the enterprise undertaking adaptations that subordinate their social goals in favour of the commercial objectives of business partners (Battilana & Lee 2014; Herlin 2013; Huybrechts & Nicholls 2013; Nicholls & Huybrechts 2014; Seitanidi & Ryan 2007). As such, these findings provide support for literature suggesting that SE-BUS partnerships may be characterised by power dynamics that favour the business partner (Kolk et al. 2010; Nicholls & Huybrechts 2014; Seitanidi & Ryan 2007; Wymer & Samu 2003). However, given similar experiences did not arise in all of the partnerships studied, the findings of this research enhance understanding into SE-BUS partnerships by demonstrating that not all partnerships involve conflict arising from business partner domination. The degree to which these dynamics arise may be influenced by a number of organisational and relationship factors, and will be discussed further below.

This research develops insight into social enterprise partnership theory by illustrating that instead of being characterised by conflict, SE-BUS partnerships were perceived to involve strong interpersonal relationships and positive interactions between partner organisations. However, whilst not conceptualised as conflict by participants, minor tensions were evident within some relationships relating to negotiations around the sharing of commercial resources, as well as in situations where the products and services provided by the social enterprises did not align with the values and expectations associated with the commercial logic of their business partners (Section 5.4.3.1). As proposed within the literature, in order to overcome these tensions and ensure continued access to commercial resources upon which they were dependent, social enterprises undertook adaptations in order to better align with the commercial expectations consistent with the commercial logic of their business partners (Di Domenico et al. 2009). As illustrated in Figure 14, these adaptations involved the social enterprises aligning with the values and outcomes consistent with the commercial logic of their business partners, and included the enterprises aligning with the quality and quantity requirements, as well as marketing requirements of business partners. Furthermore, reliance upon partner resources meant that a number of enterprises had to adapt to changing levels of uncertainty within their relationships – a condition arising due to a lack of consultation by their business partners, and their limited control over the changing nature of the relationship. However, contrary to propositions within extant literature (see Section 3.6), the findings of this research illustrate that the adaptations undertaken by social enterprises to better align with the needs and expectations of their business partners do not necessarily require the sacrifice of

elements of social benefit logic. The adaptations described above enhanced the achievement of the commercial objectives of both organisations, which, due to the embedded nature of the social enterprises studied, also supported the achievement of their social objectives. The depth provided by this research into the types of adaptations undertaken by social enterprises reflects a significant contribution to the social enterprise partnership literature, which to date has yet to explore in depth the types of behavioural changes undertaken within SE-BUS partnerships.

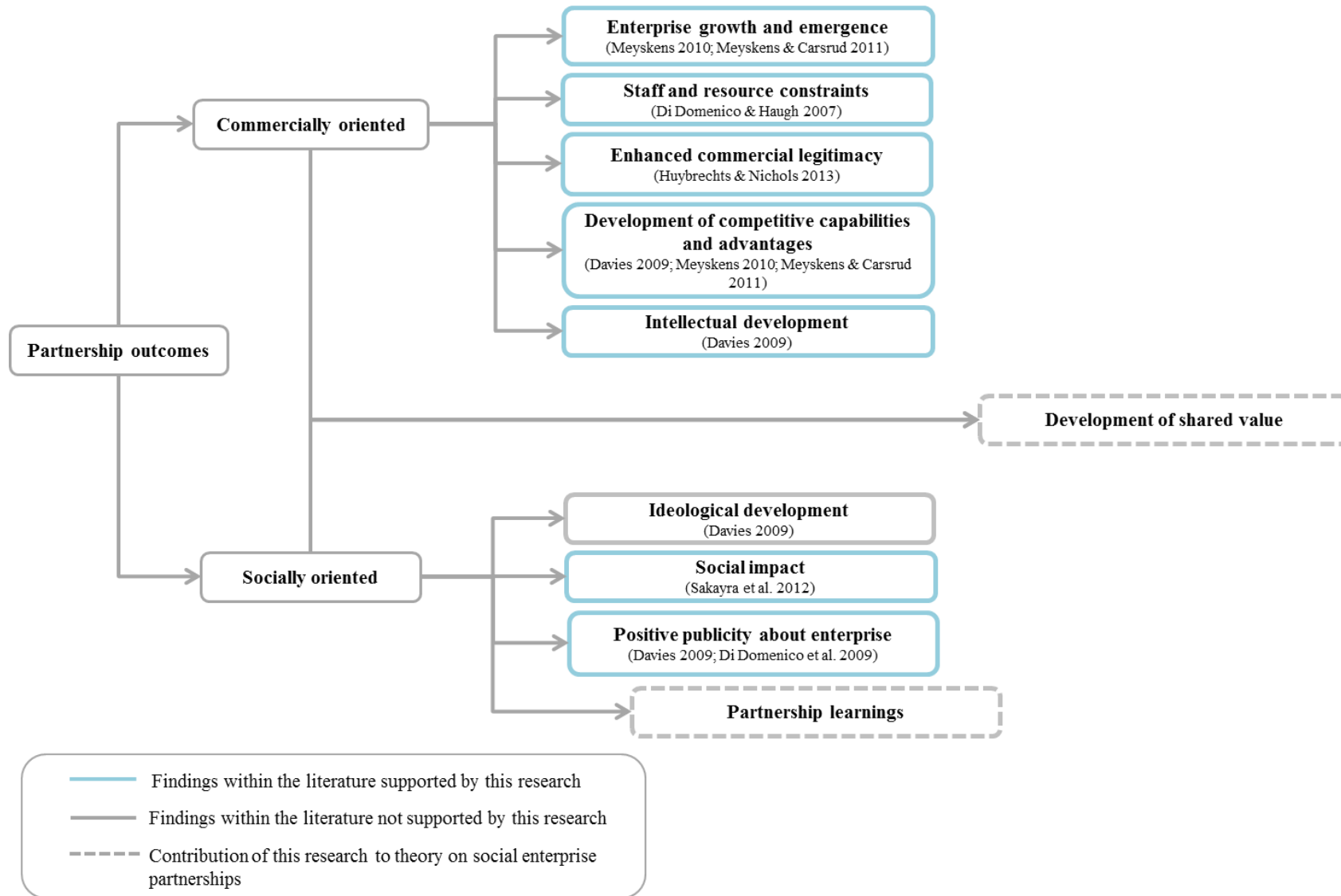
This study further contributes to the expansion of knowledge regarding social enterprise business partnerships by illustrating the importance of personal relationships between individuals from partnering organisations to the functioning of SE-BUS partnerships. These findings support research undertaken by Meyskens et al. (2010a), which found that continuance of partnerships may be a result of the maintenance of relationships that develop between individuals from the different partner organisations. This study extends this understanding by illustrating that strong interpersonal relationships were perceived by social enterprise participants to be a key factor influencing the adaptations undertaken by business partners. A number of examples were described in Section 5.3.3.5, where key individuals within the business partner organisations acted against the policies and intentions perceived by social enterprises to be guiding business decision-making. These examples included the ordering of stationary from Case C, despite internal policies that required orders to be placed with a preferred supplier, as well as the actions undertaken by Case E's champion to protect the relationship by ensuring it remained under the radar until it could be secured within a longer-term contract. The findings illustrate that in situations where strong interpersonal relationships developed with individuals within the business organisation, the actions of the individuals reflected stronger alignment with the values underpinning the social benefit logic of the enterprises studied. This suggests therefore, that the study and conceptualisation of partnership at the organisational level may not capture the full dynamics of these relationships, and a greater focus is required on how inter-organisational partnerships are carried at the individual or micro level.

## **6.5 Discussion of the results in relation to research sub-question four**

The purpose of research sub-question four was to explore how the outcomes achieved within SE-BUS partnerships were considered by social enterprises to enable the achievement of their social and commercial objectives. The question asked:

*How does partnering with business organisations enable social enterprises to achieve objectives associated with their social benefit and commercial logics?*

The findings of this research illustrate that SE-BUS partnerships may generate outcomes that both support and detract from the achievement of strategic and altruistic objectives of social enterprises. The comparison between these findings and extant literature may be seen in Figure 12. The following discussion will discuss these contributions in greater depth, illustrating how this study contributes *new* insights into SE-BUS partnership outcomes (6.5.1), whilst also addressing how this research *expands* (6.5.2) and *confirms* (6.5.3) existing knowledge.



**Figure 12 - Comparison between research findings and literature on SE-BUS partnership outcomes**



### ***6.5.1 Development of new knowledge regarding SE-BUS partnership outcomes***

This research contributes a number of new insights into the outcomes of SE-BUS partnerships. Firstly, the research illustrates that SE-BUS partnerships have the potential to generate shared value for the partners involved. Business partners supported the financial sustainability of social enterprises through the contribution of resources, knowledge and legitimacy as a business, whilst supporting the social goals of the enterprises directly through work experience placements, and indirectly through publicising the social programs and aims of the social enterprise (see Section 5.5.2). In return, the commercial orientation and business competencies of social enterprises helped them to generate commercial value for their business partners. These findings demonstrate that the exchange value of social enterprises extends beyond their local knowledge, social capital and social legitimacy, as suggested by Di Domenico et al. (2010), to also include their commercial skills and capabilities, which may add value by maximising business efficiencies, and helping to develop business strategy. The generation of these outcomes holds much potential for SE-BUS partnerships, as businesses are increasingly searching for partnerships with the social sector that will generate shared value for both partners (Porter & Kramer 2011; Selsky & Parker 2010). Partnership with social enterprises may therefore help them to achieve these aims.

The second way in which this research develops social enterprise partnership theory is by demonstrating that partnership with business organisations develops the partnership capabilities of social enterprises. Whilst similar outcomes have been found to arise within non-profit/business partnerships literature (Austin 2000; Googins & Rochlin 2000; Seitanidi 2010), these outcomes have yet to be explored within a social enterprise context. The findings reveal that the experience of establishing and managing partnerships with business organisations developed social enterprises' abilities to not only manage relationships successfully, but to develop processes that were designed to optimise relationship success, and mitigate the potential for conflict and tensions to arise between partners (see Section 5.5.1). In addition, the partnership capabilities developed were shown to increase the confidence of some cases in relation to goals and aims of future partnerships, as well as their possible scale and social impact.

### ***6.5.2 Expansion of existing literature regarding SE-BUS partnership outcomes***

The study expands existing knowledge of SE-BUS partnership outcomes in two main ways. The first way is by expanding understanding of the types of SE-BUS partnerships that may generate positive social outcomes. Consistent with research undertaken by Sakarya et al. (2012), the findings of this research reveal that partnership with business organisations may generate positive educational and employment outcomes for individuals supported by social enterprises, as well as community level transformational impact (see Section 5.5.2). As proposed in extant literature, partnerships with profit-oriented businesses may enhance the effectiveness of social initiatives (Giguere 2008; Trist 1983). This research expands existing knowledge by demonstrating that the generation of positive social outcomes is not restricted to partnerships oriented around the delivery of social programs and activities. Unlike the social alliances studied by see Sakarya et al. (2012), the partnerships in this research were predominantly based upon the exchange of commercially oriented goods and services. The findings therefore demonstrate that commercially oriented partnerships may also generate positive social outcomes, facilitated by the capacity of social enterprises as hybrid organisations to transform commercial inputs into social outcomes.

The second way in which this study expands existing insights is by illustrating that dyadic SE-BUS partnerships may generate different ideological outcomes when compared to involvement within a network. According to Davies (2009), inclusion within a network of partnerships may facilitate the ideological development of fair trade social enterprises. The findings of this research do not reflect similar outcomes within the partnerships studied. This may suggest that strengthening of ideological purpose through partnership with a wide range of organisations (including other fair trade social enterprises) may not be achieved through dyadic partnership with business organisations that typically have different goals and philosophies than social enterprises. Discussions within the literature regarding the dangers of mission drift in partnership with business organisations reflect the different dynamics that may exist within these partnerships (Battilana & Lee 2014; Huybrechts & Nicholls 2013; Wry et al. 2013). Further research is required to better understand if ideological development is a condition possible to be achieved within dyadic SE-BUS partnerships, and the conditions required in order to generate such an outcome.

### ***6.5.3 Confirmation of existing knowledge regarding SE-BUS partnership outcomes***

The findings of this research support extant literature, which suggests that partnerships with businesses provides social enterprises with access to financial, physical and social capital (Meyskens 2010; Meyskens et al. 2010a), as well as to business knowledge (Davies 2009).

Consistent with prior research, this study illustrates that access to these above resources helps to support the growth and emergence of social enterprises (Meyskens 2010; Meyskens et al. 2010a), as well as enhancing their competitive capabilities (Davies 2009; Meyskens 2010; Meyskens & Carsrud 2013; Meyskens et al. 2010a). As demonstrated within this study, access to the above resources developed the revenue generation capabilities of social enterprises, thus facilitating the achievement of objectives associated with a commercial logic (see Section 5.5.1).

The second way in which this research develops existing knowledge is by confirming existing research regarding the ability for SE-BUS partnerships to increase the awareness of social enterprise activities. Consistent with research undertaken by Davies (2009) and Di Domenico et al. (2009), this research illustrates that SE-BUS partnerships creates positive publicity for social enterprises, increasing the level of community awareness regarding the social programs and activities offered. Furthermore, this study supports research undertaken by Huybrechts and Nicholls (2013), which found that positive publicity gained from inclusion within partner communication efforts may help to legitimise social enterprises as legitimate businesses capable of the production of quality goods and services (see Section 5.5.1). These findings further develop conceptualisations regarding the exchange value of business partners, which as illustrated in this research, involves the ability to help market the social enterprise.

The final way in which this research develops social enterprise partnership theory is by highlighting the types of negative outcomes that may be generated for social enterprise when partnering with business organisations. Consistent with research undertaken by Di Domenico and Haugh (2007), this study illustrates that partnership with business may create disruptions to enterprise operation, and create workload increases for enterprise management (see Section 5.5.1). Given the resource restraints often experienced by social

enterprise, these findings demonstrate the importance for social enterprises to be aware of the impact of potential partnerships on the everyday operation of the enterprise.

## **6.6 Discussion of results in relation to overarching research question**

As outlined in Chapter 1, the aim of this research was to provide an exploration into SE-BUS partnerships, specifically focusing upon the influence of institutional complexity on the ways in which social enterprises establish and manage their relationships in order to achieve social and commercial organisational objectives. As such, the overarching research question framing this study asked:

*How does the combination of social benefit and commercial logics within social enterprise-business partnerships influence the manner in which social enterprises establish and manage their relationships in order to achieve the enterprise's social and commercial organisational objectives?*

It has been demonstrated in this research that the formation of partnerships with businesses was an important strategy through which social enterprises were able to achieve their social and commercial objectives. In fact, the development of partnerships was found to create meaningful outcomes for all social enterprises, regardless of the level of organisational development, partnership experience, or relationship focus.

This research has illustrated that partnership with business has the capability to support both the social and commercial objectives of social enterprise, regardless of whether the partnership is organised around a specific social project, or is more commercially transactional in nature. Previous discussion of the motivations for partnership (Section 6.3), as well as partner selection activities (Section 6.4), has illustrated the importance of anticipated commercial benefits within drivers for partnership, and the evaluation of partnership opportunities (Section 6.4.3). Whilst the emphasis in the early stages of partnership decision-making has appeared to be strongly commercially oriented, the enterprises were able to transform the commercial resources contributed by business partners into positive social outcomes for their beneficiaries. In many instances, the direct benefit received as a result of partnership contributions included resource gains, such as equipment and funding, as well as cost savings through financial subsidies for operational

resources including equipment, maintenance and rent. The social enterprises were then able to utilise the resources and/or costs savings to develop the business to provide greater employment and training opportunities for their beneficiaries. Whilst these benefits occurred simultaneously with the operation of the business element of the social enterprise, the social impact achieved was the indirect, albeit indented, result of the partnership strategies undertaken by the enterprises. This transformation provides a very clear illustration as to how social enterprises – as profit for purpose entities – utilise their market orientation as the means through which to support their social goals.

Whilst social enterprise partnership decision-making considered values underpinning both a social benefit and commercial logic, instances arose in which specific logics dominated. The considerations emphasised by the social enterprises during the initial stages of partnership formation (sub-questions one and two) illustrate that the primary focus of the enterprises was to form relationships that would contribute to the commercially oriented goals of the enterprise. In contrast, the social benefit logic of the social enterprises was most evident when assessing the degree of alignment of the social values and goals of partners, reflecting prior theory regarding the importance of partnering with organisations that did not challenge the social legitimacy of the social enterprises (Austin & Seitanidi 2012b; Di Domenico et al. 2009; Le Ber & Branzei 2010). The research illustrated that the emphasis placed upon social versus commercial logics within partnership motivations and partner selection assessments was influenced by the resource strengths of the social enterprises, and was linked to their level of organisational development, as well as partnership experience. In social enterprises experiencing resource scarcities, the drivers for partnership and partner selection focused upon the fit between social enterprise needs and the resources and capabilities of their business partners, accrued as a result of their commercial logic and the importance placed upon the pursuit of profit maximisation through trading activities. Alternatively, in social enterprises with a stronger resource base, greater prioritisation of social benefit logic was evident within partnership decision-making, whereby the alignment between social goals and values of partners was considered particularly important.

According to institutional logics theory, organisations are more likely to acquiesce to demands exerted by organisations upon whom they are reliant for legitimacy or resources (Battilana & Lee 2014; DiMaggio & Powell 1983; Oliver 1991). A key assumption of this

study, therefore, was that the dominant commercial logic of business partners would influence the way in which the social enterprises interpreted and acted upon their own institutional logics, possibly increasing the prominence of the commercial logic within their decision-making (Battilana & Lee 2014; Herlin 2013; Huybrechts & Nicholls 2013; Nicholls & Huybrechts 2014; Seitanidi & Ryan 2007). Furthermore, it was assumed that conflict would be a dynamic characterising SE-BUS partnership, a result of power imbalances stemming from the dependency of social enterprises upon key business resources. Instead, the research found that conflict was *not* a prominent feature within the SE-BUS partnerships studied, which were primarily characterised by a relative degree of equity between the partners studied. As such, these findings support propositions by Tracey et al. (2005) regarding the potential for partnerships between social enterprises and businesses to move beyond philanthropic donations, to relationships that develop and operate on the basis of mutual advantage. The achievement of these dynamics was facilitated by the capacity of social enterprises to contribute to the creation of shared value within their relationships, enabled through having an exchange value that incorporated capabilities associated with both their social benefit *and* commercial logics. As a result of this exchange value, business partners were shown to undertake adaptations aimed at better aligning their activities with the goals and needs of their social enterprise partners.

This research illustrates that instead of leading to the compromise of social benefit logic (Dees & Anderson 2003; Garrow & Hasenfeld 2012; Stevens 2011), the dominance of commercial logic within decisions to partner, the selection of partners, and adaptations undertaken, was found to *facilitate* the achievement of the social goals of the social enterprises. The ability for social enterprises to transform commercial ‘inputs’ into meaningful social outcomes illustrates the profit for purpose nature of social enterprises, and generates insight into the ways in which social enterprises manage their resources in order to achieve both social and commercial organisational objectives.

This study demonstrates that social enterprises operate according to a stronger level of commercial pragmatism within their partnerships than previously thought. Contrary to assumptions framing this research, the emphasis placed upon commercial considerations within the partnerships studied was not a result of business partner dominance. Instead, as suggested by Greenwood et al. (2011), the influence of institutional logics upon organisational decision-making was found to be filtered by a number of factors. The level

of enterprise development was a factor that was demonstrated to be influential, and explained the dominance of the commercial logic within social enterprises that were in their early stages of development and struggling to be sustainable. Similarly, the commercially transactional nature of the relationships studied placed greater focus of partners upon the exchange of goods/services, providing another possible explanation for the dominance of the commercial logic within the formation of the partnerships studied. Other factors that were also shown to influence decision-making at various stages of partnership include the types of beneficiaries supported, the level of integration between social and commercial programs and activities, as well as the level of partnership experience of the social enterprise.

## **6.7 Implications for theory and practice**

This research is some of the first to explore the decision-making of social enterprises across multiple stages of partnership. Furthermore, it is one of a small number of studies to examine social enterprise decision-making using the theory of institutional logics. The findings and analyses presented within this dissertation have a number of implications for social enterprise partnership theory and practice, as well as for the application of the theory of institutional logics. These implications will be discussed below.

### ***6.7.1 Social enterprise partnership theory***

As noted in Chapter 3, few studies have explored the processes involved in the creation and implementation of SE-BUS partnerships (Di Domenico et al. 2009; Huybrechts & Nicholls 2013; Sakarya et al. 2012; Seelos & Mair 2007), let alone from the perspective of social enterprises (Sakarya et al. 2012). Furthermore, whilst the practice of collaboration is thought to be fundamentally shaped by the institutionalised rules and resources that originate in the fields of collaborating organisations (Phillips et al. 2000), few studies have explored the link between the institutional logics of social enterprises and their business partnerships and partnership actions and decision-making.

A number of implications for social enterprise partnership theory may be drawn from the findings and analysis discussed within this research. The first implication relates to the proposed nature of partnerships between social enterprises and business organisations. The

research challenges assumptions that predict that SE-BUS partnerships will be characterised by conflict and domination by the business partner. Whilst the analysis presented within this research has confirmed that some partnerships may conform to these conditions, it has also illustrated that SE-BUS partnerships have the potential to involve balanced arrangements characterised by reciprocated resource contributions, trust, and the creation of shared value. However, as discussed in previous sections, the achievement of these dynamics may be influenced by the nature of the partnerships established, the exchange value of the social enterprises, and the partnership experience of the social enterprise. In addition, the relationships that develop between key individuals within each partner organisation were shown to be pivotal to the success and longevity of a number of partnerships. As outlined in Section 5.4.3.3, relationship champions within business partners may resist the dominant commercial logic of their employer, seeking instead to protect the relationship with the social enterprise despite the fact that doing so led to commercial sacrifices for the business organisation. As such, this research supports prior research highlighting the need for cross-sector partnership research to explore dynamics and processes of partnership occurring at the individual level (Kolk et al. 2010; Seitanidi & Ryan 2007).

As discussed in Chapters 2 and 3, social enterprises are differentiated from other organisations by the requirement that they balance and reconcile dual logics within their core strategy and operations. The process of doing so, however, can be fraught with challenges, and many social enterprises experience tensions when balancing these competing logics (Dacin et al. 2010; Garrow & Hasenfeld 2012; Mazzarol et al. 2013; Ridley-Duff & Bull 2011). Furthermore, organisational responses to competing demands can lead to the prioritisation of some interests at the expense of the others (Greenwood et al. 2011). This research has illustrated that social enterprise institutional logics influence social enterprise partnership decision-making differently according to the stage of partnership. Importantly, the research illustrated that the influence of an organisation's institutional logics upon its decision-making can be filtered by various attributes of the organisation itself, as well as by its dependence upon important institutional actors (Greenwood et al. 2011). As the findings suggest, these factors included contextual characteristics of the enterprise, the nature of the partnership formed, as well as the logics and bargaining power of the business partner. The apparent influence of each of these factors differed between cases, and was dependent upon the unique context in which each



enterprise operated. In balancing dual objectives, the agency of managers was highlighted as an important component to the successful negotiation of challenges associated with the incorporation of multiple objectives. This research demonstrated that managers were able to selectively couple practices from both logics in a manner that helped to generate balance internally, reflecting extant research on institutional complexity within hybrid organisations (see Pache & Santos 2013c). Furthermore, a number of management practices and processes implemented within the social enterprises studied helped to facilitate a balanced approach to the focus upon, and achievement of, dual organisational objectives.

This research has demonstrated that conceptualisations of partnership are subjective in nature. Arrangements considered by participants to be an illustration of partnership varied, with some participants incorporating philanthropic arrangements within their conceptualisations, with others indicating that ‘true’ partnerships were those that were integrated in nature and involved closer ties and interactions between partners. In contrast to scholarly definitions that place partnership outside the boundaries of market-based contractual relations (Lawrence et al. 2002), this research has supported suggestions that partnerships *can* occur within principle-agent relationships, particularly when formed upon the foundation of trust, reciprocity and meaningful relational dialogues (Rees et al. 2012). Furthermore, this research has illustrated that such commercially oriented relationships may also result in the creation of positive social outcomes, thus indicating that ‘social partnerships’ formed between social enterprises and businesses are not the only type of relationship that may generate social value. In light of the subjective nature of the concept and the possibility for partnership to arise within commercially transactional relationships, researchers must be mindful of the definitional boundaries that they placed around the concept, as narrow definitions may not capture the full spectrum of social enterprise interpretations or partnership activities. Focusing only upon relationships that have an overtly social focus, may restrict understanding of how commercially transactional relationships, such as the ones studied within this research, may generate value for partner organisations as well as society as a whole. Furthermore, the exploration of partnerships with different foci will help to develop a stronger understanding of how shared value may be generated within different forms of SE-BUS partnership.

### ***6.7.2 Institutional logics theory***

The utilisation of institutional logics theory to explore social enterprise institutional logics is a relatively new endeavour. It is acknowledged that social enterprises operate according to two primary logics, a social benefit logic and a commercial logic (Battilana & Dorado 2010; Battilana et al. 2012; Gidron & Hasenfeld 2012), which are often described according to their very broad underpinning values. For example, a social benefit logic is often described as the desire to create social value for the public good (Austin et al. 2006; Moss et al. 2011), whilst a commercial logic reflects the values and activities of the marketplace, being a focus upon exchange relationships as well as cost and profit calculations (Gidron & Hasenfeld 2012). These broad statements offer little insight into how such overarching logics may translate into action and decision-making. This research, in examining the evidence of logics upon enterprise decision-making, helps to illuminate how institutional logics may manifest within partnership practices and decisions of social enterprises, including their motivations for partnership, the selection of business partners, and partnership implementation.

The findings of this research indicate that the application of the theory of institutional logics is highly appropriate within the social enterprise context. Use of this theory has enabled the development of holistic insights into the manner in which social enterprises make partnership decisions, without restricting this analysis through the application of functionalist theories typically applied within mainstream business partnership literature (Murphy & Coombes 2009). The use of mainstream partnership theories within a social enterprise context has been questioned by some authors, who highlight the concern that such theories may not capture the entire range of factors that influence social enterprise actions and decision-making – and may instead focus upon more commercial elements of enterprise decision-making (Dacin et al. 2010; Mair & Martí 2006; Mort et al. 2003). The utilisation of the institutional logics theory overcomes these perceived concerns, enabling the research to capture insights into both the social *and* commercial reasoning underpinning the actions and decisions made by social enterprises when engaging in partnership with business. Furthermore, the use of this theory provided insight into how particular logics dominated decision-making during different stages of partnership.

The findings of this research contribute to institutional logics theory by highlighting different organisational and environmental factors that may influence the way in which social enterprise institutional logics are interpreted and influence organisational decision-making. According to prior theory, the manner in which institutional logics are enacted within hybrid organisations may be affected by the characteristics of field structures, such as the emergent versus mature nature of the institutional field, the level of centralisation that exists within a field, as well as the number of referents an organisation strives to maintain legitimacy with (Greenwood et al. 2011). In addition, organisational level characteristics such as the position of the organisation within a field, its structure, ownership and governance, as well as organisational identity can also affect the influence of institutional logics within organisations (Greenwood et al. 2011). The role of identity in filtering institutional logics was apparent within this research, with some social enterprises conscious of acting in a manner that developed their identity as a legitimate business, whilst others were careful to maintain their social legitimacy (see Section 5.3). In the context of this research, however, the organisational characteristic with the greatest influence upon the emphasis given to institutional logics within decision-making was the maturity of the enterprise and its associated resource scarcities/strengths. This factor was shown to lead to a dominance of commercial logic within decision-making, with resource needs in some cases being given priority over maintaining the social identity of the organisation. Other factors shown to filter the influence of institutional logics upon decision-making include the level of integration between social programs and commercial activities within the enterprise, and the commercial versus social focus of the partnership. Additional research is needed to determine if the influence of these factors is specific to a social enterprise context, or if they are transferrable to other hybrid contexts. Furthermore, as illustrated within this research, the role of organisational maturity within the management of institutional complexity is an avenue of investigation that warrants greater attention within research into hybrid organisations more generally.

### ***6.7.3 Social enterprise partnership practice***

For social enterprises seeking to achieve strategic objectives through the formation of partnerships with business organisations, there are few ‘best practice’ guides to draw upon. This may not necessarily be a bad thing, because as shown in this research, there is no ‘one-size-fits-all’ approach to partnership. Each social enterprise studied not only had

different conceptualisations of partnership, but also had different approaches to their formation, design and management. Moreover, each enterprise was operating according to a different range of environmental pressures, as well as organisational capabilities and values, also impacting upon their partnership approach. This study, combined with extant literature, illustrates that social value may be created through a diverse range of partnerships, not only those labelled as ‘social’. Furthermore, it suggests that partnerships do not need to be fully planned and rationalised upfront in order to become effective arrangements that generate shared value for both partners involved (Schirmer 2013).

As discussed in Section 6.5, the formation of commercially oriented partnership with businesses contributed to the achievement of both social and commercial organisational objectives. For social enterprises considering establishing partnerships with businesses, these findings illustrate that social alliances are not the only type of partnership that will generate positive social outcomes. In fact, social enterprise legitimacy may also be enhanced by the formation of commercially oriented exchange partnerships. As this research suggests, establishing partnerships to enhance the commercial sustainability of the enterprise may generate greater social impact and reach in the longer-term, and as such, the formation of these types of partnerships may be just as legitimate as the formation of social alliances.

For social enterprises wishing to establish partnerships with business organisations, the findings contribute a number of insights. First, the utilisation of criteria that account for both social and commercial objectives when selecting partners may help to enhance the alignment between the social enterprise and potential partners (Austin & Seitanidi 2012b). It may also help to ensure that the prioritisation of some objectives do not occur to the detriment of others. Secondly, the development of personal relationships with relationship champions within the business organisation may also be instrumental to the development of trust between partners, the evolution towards more integrated relationships, as well as relationship institutionalisation. As this research has illustrated, relationship champions may nurture and protect the relationship, also being drivers of business adaptations to social enterprise needs. As such, the investment of time into developing strong interpersonal relationships is recommended.

Thirdly, ongoing relationship success and generation of strategically meaningful partnership outcomes may be improved when partners are committed to the development of relationships that seek to generate strategic shared value for both partners. Within the relationships studied in this research, the social enterprises that strove to develop strategic value for their partners, beyond CSR initiatives, had more integrated relationships that were in the process of evolving into more institutionalised arrangements. In such cases, the response of the business partner was to reciprocate the intention, opening productive dialogues positioned around the development of new opportunities in which the organisations could work together. An important component to the creation of such value was the focus of the activities through which shared value could be created. For the cases in which these relationships existed, shared value was generated through improving and jointly developing the activities of both partners within their fields of expertise and experience, instead of developing projects outside of their core areas of commercial and social operation. In these partnerships, social enterprises were able to leverage their commercial capabilities as a source of value creation, and in doing so, were able to experience a position of relative equity within the relationship. This suggests, therefore, that social enterprises have the capacity to develop partnerships that transcend philanthropic arrangements common between non-profits and their business partners; instead developing relationships characterised by exchanges of shared value.

## **6.8 Implications for future research**

As was noted in Chapters 2 and 3, literature on social enterprise partnerships is in the very early stages of development. A comprehensive and insightful body of literature is only just beginning to form, aided through the use of exploratory research approaches, such as the case study strategy used within this research. The framework developed in this research, combined with the case study approach, facilitated the collection of a large quantity of rich data from the six participating cases, with collective analyses providing useful insights into the partnership actions and decisions undertaken by the social enterprises studied. A number of implications for future research may be drawn from the analysis undertaken.

As outlined in Chapter 4, this research analysed the partnership actions and decision-making undertaken by social enterprises according to the retrospective recollections of key decision-makers collected through semi-structured interviews. It was the intention of the

research to focus on the activities and decision-making of social enterprises, given their hybrid nature and the associated need to manage multiple logics within their organisational strategies. However, further studies in this area may wish to develop holistic awareness of SE-BUS partnerships by exploring the perspectives of both partners within such collaborations, a focus currently lacking within the social enterprise partnership literature overall. Doing so may provide valuable insight into how businesses may respond to the inclusion of multiple logics within such partnerships, which, as illustrated by participant comments in this research, may not always reflect a purely commercial logic.

Retrospective studies enable sequences of action to be tracked from beginning to end (Nutt 2011), which is a useful approach to take when analysing decision-making that has occurred over an extended period of time. There is the possibility however, that examining partnership decision-making through retrospective accounts of participants may have introduced inaccuracies in the data. The majority of relationships studied had been in operation for a number of years, and recollections of decision-making were therefore reliant upon participant memories of the initial processes of formation, which may have lacked accuracy. In addition, as the majority of the partnerships studied were still in operation, the potential also existed for participants to positively bias accounts of decision-making and overall partnership dynamics. Future research may wish to use longitudinal research designs to explore partnerships as they progress through the different stages of partnership. Doing so would enable the research to capture decision-making processes as they occurred, and examine the processes of change without influence of the final partnership state (Flick et al. 2004).

As outlined in Chapter 4 (Section 4.3.2), the enterprises studied within this research operated within the Australian education and training industry. Given the emergent nature of research into Australian social enterprises, future research may therefore look to extend knowledge of Australian based social enterprises through exploring the partnership practices of social enterprises within different industries. However, as an emerging body of knowledge, research into social enterprise partnerships in other national contexts is also limited. As such, further study is also warranted into the partnership practices of social enterprises in other national contexts, and will provide the basis upon which comparisons of partnership strategies and approaches may be made. This may be particularly insightful

given the differences in conceptualisations of social enterprise that exist between different national contexts (see Section 2.3.1).

A further avenue for research would be to explore the partnership practices within social enterprises that differ in the extent of integration between social programs and business activities. Social enterprises with embedded levels of integration were chosen within this research due to their ability to provide insight into how contrasting logics were managed within enterprise strategy when options to decouple their operational components were not available (see Section 4.3.2). There are opportunities, therefore, for future research to examine the partnership decision-making within social enterprises with differing levels of overlap between their social programs and commercial activities, as this will provide a stronger understanding of how different social enterprise forms influence the manner in which institutional logics are interpreted and enacted upon at an organisational level.

The partnerships studied within this research were primarily based upon the sharing of commercial goods and services. This was one factor highlighted in the research that ‘filtered’ the influence of enterprise logics within their partnership decision-making. A number of other factors were identified (see Section 6.6) that illustrate the complex array of elements informing partnership approaches by social enterprises. The scope of this research restricted in-depth analysis of the strength of these factors upon the decision-making undertaken by the enterprises studied, and further work is needed to explore these factors in further depth, including their strength of influence upon partnership decision-making. Future research may also look to explore the influence of these factors in partnerships more strongly oriented towards the achievement of specific social goals or programs (i.e. social alliances), as well as within other types of hybrid organisations.

The findings and analysis presented within this dissertation have developed insight into social enterprises by illustrating the influence of social benefit and commercial institutional logics upon social enterprise decision-making. The focus on these two logics is relevant given the emphasis placed upon these dual logics within discussions of social enterprise hybridity, whereby social benefit and commercial logics are considered to sit at the core of social enterprise (Doherty et al. 2014; Garrow & Hasenfeld 2012; Smith et al. 2013). In order to fully understand social enterprise hybridity, further research is required

to investigate the possible influence of other institutional logics upon social enterprise actions and decision-making, both within, and outside of, a partnership context.

## **6.9 Conclusion**

In conclusion, this research has explored the influence of social enterprise institutional logics upon their decision-making within partnership with profit oriented businesses. It concluded that the institutional logics of social enterprise influence partnership decision-making differently according to stage of partnership, and that a number of organisational factors impact upon the way in different logics are enacted by social enterprise. The research provides deeper insight into SE-BUS partnerships, as well as the management of social enterprises more generally. It also contributes to institutional logics theory by highlighting the way in which certain organisational factors may filter the way in which institutional logics are interpreted within social enterprises. Finally, the research has identified avenues for potential research for future researchers in this field.



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## Appendix A - Phone conversation scripts

**Initial call** – will be used as a guideline when making first call to organisation. Am expecting that this will be a receptionist/personal assistant.

Hi *<name of person who answers phone>*,

My name is Sophie Clark and I am a PhD student within the School of Management at the University of Tasmania. My study is investigating the processes and decision-making undertaken by social enterprises when forming partnerships. I would like to invite your organisation to participate in this research. Is there someone with whom I could talk to regarding this please?

Thank you very much for your help

Good bye

**Second call** – once have been directed to the person best suited to talk to

Hi *<name of person>*,

My name is Sophie Clark and I am a PhD student within the School of Management at the University of Tasmania. My study is investigating the experiences of social enterprises when forming partnerships, including the factors that motivate social enterprises to form partnerships, the processes through which partners are selected and approached, the way partnerships are structured, and the outcomes that are perceived to be created from these partnerships. The aim of my research is to determine whether tensions arise during these processes as a result of the need to simultaneously balance social and economic organisational objectives, and the types of influence these tensions may potentially have.

I would like to invite your organisation to be involved in this study. From the information available regarding your organisation, it appears that you established many successful partnerships. I believe that your organisation could provide some valuable insight

regarding the aspects of partnership formation I am studying. Would I be able to send you some more detailed information regarding my research for you to consider?

(Hopefully a yes)

Great. I'll send that information through to you straight away. Included within this is my contact information. Should you have any questions when reading the information please don't hesitate to contact me.

Thank you very much for your time. I'll be in touch again after one week if I don't hear from you before then.

Bye.



## **Appendix B - Email script**

As per our recent phone conversation, please find attached some information about my research. The information sheet outlines the purpose of the research, what is involved for participants, as well as how the data will be stored and published. I have also attached the consent form that participants are required to sign prior to involvement. The last document is a list of proposed questions that I will ask.

The aim of my research is to develop an understanding of the experiences and decision-making undertaken by social enterprises when partnering with business organisations. My aim therefore would be to discuss one 'key' business partnership that involves a regular two-way exchange of resources, and which is considered to be important to the achievement of your enterprise's core objectives. To gain a deep level of understanding of the enterprise's experiences and decision-making within this partnership, it is my hope to speak to multiple individuals within <name> who are knowledgeable about the formation, management and ongoing relationship between the enterprise and the partner identified.

Please don't hesitate to contact me if you have any questions regarding any of the attached documentation. I will call on Friday to ascertain your willingness to participate in my research, and answer any questions that you may have about this project.

Thank you in advance for your consideration.

Kind regards,

Sophie

## Appendix C - Information sheet

### Participant Information Sheet

*Social Enterprise: Exploring the experiences, processes and decision-making undertaken within valued business partnerships*

You are invited to participate in a research project investigating the way in which social enterprises form, implement and manage their partnerships to successfully fulfil the objectives of the enterprise. The research seeks to determine the factors that influence the decision-making and actions undertaken by the social enterprise during the creation of partnerships with private-sector organisations. This research is being conducted in partial fulfilment of a PhD degree for Sophie Clark, under the supervision of Professor David Adams and Dr Megan Woods within the School of Management at the University of Tasmania.

#### **What is the purpose of this study?**

The purpose of this research is to explore the processes and decision-making undertaken by social enterprises when forming partnerships with private-sector organisations (i.e. businesses). The research is particularly interested in why social enterprises form partnerships with businesses, how they create and implement these partnerships, as well as how these partnerships are perceived to support the achievement of the social and economic organisational goals of the enterprise. It is through exploring these processes and outcomes that the research aims to develop insight into how social enterprises balance the need to achieve both social and economic objectives within their partnerships with businesses, and the challenges which may arise from doing so.

#### **Why have I been invited to participate?**

You are invited to participate in this study as you have been identified as a person who has been instrumental to the development and implementation of your organisation's partnership strategies. It is believed that the knowledge you have gained from such involvement will provide rich insight into the processes and decision-making undertaken by your organisation when forming collaborative relationships.

#### **What will I be asked to do?**

Should you agree to participate in this study, we would ask you to provide an hour of your time to participate in an interview with the researcher. During the interview, you will be asked to provide insight into the way in which your organisation develops partnerships with businesses— such as the factors motivating your enterprise to seek out partnerships, the way in which partners were selected and approached, the way in which the partnership was structured and is governed, challenges experienced during the process, and the outcomes perceived to have been created through partnership. We recognise that your organisation may have many different partnerships with many different businesses, and thus, the interview will be focused upon on business partnerships your organisation considers to be 'key' or highly instrumental to the success of the enterprise. The research questions will be provided to you prior to the interview.

The interviews will be scheduled to take place at a time and place that is most convenient for you. With your permission, the interview will be recorded, after which it will be transcribed. Prior to use within the research, a copy of this transcript will be provided to you to for review and approval. To protect your privacy, this transcript will not be shown to anyone outside of the research team. In addition to the interview, we would also like to collect any publicly available information related to the partnership strategies of your enterprise

that may not be accessible through your enterprise's website, or in the public domain. This information will help to deepen the researcher's understanding of your organisation, and may enrich the information gained through the interview process.

It is important that you understand that your involvement in this study is voluntary. Whilst your participation would be greatly appreciated, we respect your right to decline. There will be no consequences for you if you decide not to participate, and doing so will not affect you negatively in any way. If you decide to discontinue participation at any time, you may do so without providing an explanation. All information will be treated in a confidential manner, and neither your name nor that of your organisation and its partners will be used in any publication arising from the research. In order to protect your confidentiality, all data will be stored securely at the University of Tasmania, and will only be accessed by members of the research team.

#### **Are there any possible benefits from participation in this study?**

The information provided by participants in this study will help to provide insight and awareness regarding the different strategies employed by social enterprises when forming partnerships with businesses. The findings will contribute to our knowledge regarding the different motivations that may drive the formation of partnerships, the processes through which social enterprises engage potential partners, the way in which partnerships are structured and managed, as well as the different outcomes experienced. It is hoped that this knowledge may help social enterprises, whether they are nascent, emerging or established, to achieve greater awareness of the processes undertaken when creating partnerships, as well as the factors that may influence their decisions and actions. This information may assist social enterprises to better understand the types of challenges that may be experienced within such partnerships, enabling them to design and manage their partnerships to enhance the success of their relationships, and therefore the benefits derived. In addition, the findings may provide insight to potential partners regarding the complexity involved when operating a social enterprise, and therefore the potential complexities to be negotiated during the process of partnership formation. It is not expected that participation in this research will directly benefit individual participants.

#### **Are there any possible risks from participation in this study?**

As mentioned previously, all information gained during the research process will remain confidential. Names of participants and their organisations will not be disclosed in the findings of the research, however there is a small possibility that the identity of your organisation may be determined by linking the general information provided in the research to information that your organisation has made available to the public domain. If you are concerned that your organisation could be identified in the research, you may request a review copy of the researcher's written case description of your organisation and determine that it has not inadvertently reported any undesirable details.

It is the aim of the researcher to talk to multiple individuals within each organisation, so as to gain the maximum depth of insight about the enterprise's partnership strategies. The researcher will not confirm any individual's participation with other members of their organisation; however in some cases (particularly in smaller organisations) it may be possible for other organisational members to discern your participation (particularly if recommended by other organisational members). If this is of concern, you are welcome to request for the interview to take place outside of your organisation (either at the University or at another public location that is convenient). The content of the interview will remain confidential, and participants will not be identified in the thesis, or within any publications arising from the research.

#### **What if I change my mind during or after the study?**

Your participation in this study is voluntary, and as such, you are free to withdraw your participation at any time without explanation or ill effect. Should you choose to withdraw, the data you have provided will be removed from the study, and all hardcopies or transcripts will be destroyed.

#### **What will happen to the information when this study is over?**

All data collected during this study will be treated in a confidential manner, and stored securely at the University of Tasmania. Data in hard-copy form will be stored within a locked filing cabinet in the locked office of the researcher. Electronic data will be saved onto the University of Tasmania's secure server, which is password protected. Access to this data will be restricted to members of the research team – being the researcher and research supervisors. Data will be stored for a period of at least five (5) years from the date of first publication, after which it will be destroyed.

#### **How will the results of the study be published?**

A summary of the findings will be emailed to participants upon completion of the dissertation. It is anticipated that the findings of this research will be presented at social enterprise themed conferences, and published in relevant scholarly journals. Participants and their organisations will not be named in publications of the results.

#### **What if I have questions about this study?**

If you would like to discuss any aspect of this study further, please feel free to contact Sophie Clark by phone on (03) 6226 2311 or by email at [Sophie.Clark@utas.edu.au](mailto:Sophie.Clark@utas.edu.au). She will be happy to discuss any aspect of the research with you.

This study has been approved by the Tasmanian Social Sciences Human Research Ethics Committee. If you have concerns or complaints about the conduct of this study, please contact the Executive Officer of the HREC (Tasmania) Network on (03) 6226 7479 or email [human.ethics@utas.edu.au](mailto:human.ethics@utas.edu.au). The Executive Officer is the person nominated to receive complaints from research participants. Please quote ethics reference number [H0012637].

Thank you for taking the time to consider participation in this study. The researcher will be in contact after one (1) week to determine your willingness to participate. This information sheet is for you to keep.

Kind regards,

Sophie Clark  
PhD Candidate  
School of Management  
University of Tasmania  
(03) 6226 2311  
[Sophie.Clark@utas.edu.au](mailto:Sophie.Clark@utas.edu.au)

## Appendix D - Consent form

### Social Enterprise: Exploring the experiences, processes and decision-making undertaken within valued business partnerships

(To be completed by individuals participating in an interview)

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1. I agree to take part in the research study named above.
2. I have read and understood the 'Information Sheet' for this project.
3. The nature and possible effects of the study have been explained to me.
4. I understand that the study involves a voice-recorded interview of an approximate duration of **1 hour**, in which the partnership strategies and decisions of my organisation will be discussed. I also understand that I will be provided with a verbatim transcript of the interview to review for accuracy of content, and that this transcript will not be shown to anyone outside of the research team.
5. I understand that participation involves the risk(s) that the identity of my organisation may be determined through analysis of case specific information provided. I also understand that I may request to view to the case description of my organisation to be included in the research to determine that it does not inadvertently report any undesirable details.
6. I understand that the researcher will not confirm my participation in the research to other members of my organisation.
7. I understand that all research data will be securely stored on the University of Tasmania premises for five years from the publication of the study results, and will then be destroyed
8. Any questions that I have asked have been answered to my satisfaction.
9. I understand that the researcher(s) will maintain confidentiality and that any information I supply to the researcher(s) will be used only for the purposes of the research.
10. I understand that the results of the study will be published so that I cannot be identified as a participant.
11. I understand that my participation is voluntary and that I may withdraw at any time without any effect.

If I so wish, I may request that any data I have supplied be withdrawn from the research until **a time no later than 6 months after the interview**

Name of Participant: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Statement by Investigator**

☐ I have explained the project and the implications of participation in it to this volunteer and I believe that the consent is informed and that he/she understands the implications of participation.

If the Investigator has not had an opportunity to talk to participants prior to them participating, the following must be ticked.

☐ The participant has received the Information Sheet where my details have been provided so participants have had the opportunity to contact me prior to consenting to participate in this project.

Investigator's name: \_\_\_\_\_

Investigator's signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix E - Interview questions

### Proposed Interview Schedule

<b>Date:</b>	<b>Time:</b>
<b>Case code:</b>	<b>Interview code:</b>
<b>Interviewee's name:</b>	
<b>Location:</b>	

#### Introduction:

- Hi there – nice to meet you etc.
- Outline the purpose of the interview – which is to gather information relating to how your enterprise makes decisions within business partnerships.
- Run through the ethics form – discuss confidentiality, contact details etc – get signature
- Seek permission to record the interview – ensure they are aware that they will receive transcripts to check for accuracy
- Ask if any clarification is needed before commencement

Outline structure of the interview – two parts. The first part will involve questions that will provide me with the context of the partnership. The second part will specifically focus upon the forms of decision-making made by the enterprise, why they were made, and what factors were influential to those decisions.

#### Contextual questions

Questions regarding general organisational information

- 1) How would you describe your role within the organisation?
  - a) *Have you worked in the industry for long?*
- 2) What are the core activities undertaken by the enterprise (production of goods/services)?

#### Questions regarding key partner

*I would now like you to think about some partnerships your enterprise has with businesses that are considered to be vital to the ability of the enterprise to achieve its core mission and goals.*

- 3) Can you tell me about the story of how this partnership started?
  - a) *How did you meet this partner?*
  - b) *Who initiated the partnership?*
  - c) *How long has it been in operation?*
- 4) What is the nature of the agreement?
  - a) *Is the agreement you have with this partner formal or informal?*
  - b) *Why is it structured this way?*
- 5) What are the objectives of this partnership?
  - a) *Shared, individual?*
  - b) *Were these negotiated between partners?*
  - c) *Do negotiations occur on an ongoing basis?*
- 6) Are resources exchanged with this partner? If so, what types?
- 7) How does communication occur within the partnership?

- a) *Between who?*
- b) *How often?*
- c) *Informal versus formal?*

### **Decision-making questions**

*The next set of questions are designed to explore some of the decisions that were made in the partnership, and your perceptions of why they were made and what factors may have been influential in this process. This knowledge is important, as different organisations will approach partnerships differently, and it becomes important to understand the logic behind decision-making as it may influence the outcomes of the partnership.*

*Firstly, I would like to talk to you about the missions of the enterprise, as I believe they provide the basis upon which decisions are made.*

- 8) What are the core missions of your enterprise?
  - a) *Can you tell me about your experiences balancing these dual missions? (i.e. difficulties, strategies used...)*
  - b) *Do you find that the need to achieve your social mission affects your economic or commercial mission – or vice versa?*
- 9) Talking generally, why does your enterprise decide to pursue partnerships with business organisations?
- 10) What did your enterprise hope to gain from **this** specific partnership?
- 11) Why did you think that this organisation would make a good partner?
  - a) *How much previous knowledge did you have about this organisation?*
  - b) *What aspects of this business did your organisation find desirable? (empathy for cause, similar organisational structures, similar field of work, previous affiliation with individuals in the business etc)*
  - c) *Were there characteristics of this partner that made you uncertain about pursuing a relationship with them?*
- 12) How did you know that they would ‘fit’ with your enterprise?
  - a) *How important was the philosophy of the business to this decision?*
  - b) *How did you know what their philosophy was?*
  - c) *Do you feel that compromises have needed to be made by either partner in order to improve this fit?*
- 13) What are some of the reasons that you would choose **not** to pursue a relationship with a business?
  - a) *Why might you reject an offer for partnership from a business?*
  - b) *Would this be the case even if they were able to offer considerable financial input into the partnership?*
- 14) Are there certain criteria that your enterprise applies when selecting partners?
  - a) *How are potential partners screened?*
- 15) When seeking to form partnership, do you feel that your motivations are influenced more by the business components of the enterprise, or by the social component?



- 16) What do you perceive are the biggest differences between your enterprise and your partner?
- 17) How has your enterprise needed to adapt in response to these differences?
- 18) How have the dynamics of this relationship changed over time?
  - a) *Why do you think that is?*
  - b) *How much control do you feel your enterprise has had over these changes?*
- 19) How has trust developed within the relationship? What factors supported its development?
- 20) From your perspective (being the social enterprise), has there ever been a sense of uncertainty within the relationship?
  - a) *If so, what were you uncertain about? Why?*

**The next section is focused upon how your organisation perceives the outcomes of this partnership.**

- 21) Do you feel that this partnership has achieved its objectives? Why/why not?
  - a) *Do you feel that the partnership has supported both the social and economic mission of the enterprise?*
- 22) How has this partnership benefited your enterprise? Examples.....
  - a) *Were any of these benefits unexpected?*
  - b) *How are these benefits evaluated?*
- 23) Have all the outcomes been positive, or have there been some outcomes that were less desirable? Could you give me some examples?
  - a) *If all positive – why do you think this is so?*
- 24) How easy/hard has it been to ensure that the enterprise's dual objectives are considered within the partnership?
  - a) *How do you make sure that both objectives are considered?*
- 25) Do you find that the way you make partnership decisions is different depending on the type of organisation you're partnering with (i.e. other social enterprises, government, nonprofits etc)?
  - Do you find that partnering with organisations that have different approaches/ways of doing business (i.e. profit oriented) affects the way in which you're able to balance your enterprise's multiple objectives?
  - When you make decisions within your enterprise, do you feel that particular objectives are more influential than others? Do you feel that you are able to easily consider both objectives when making strategic decisions?